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## NEWS SUMMARY

### GENERAL

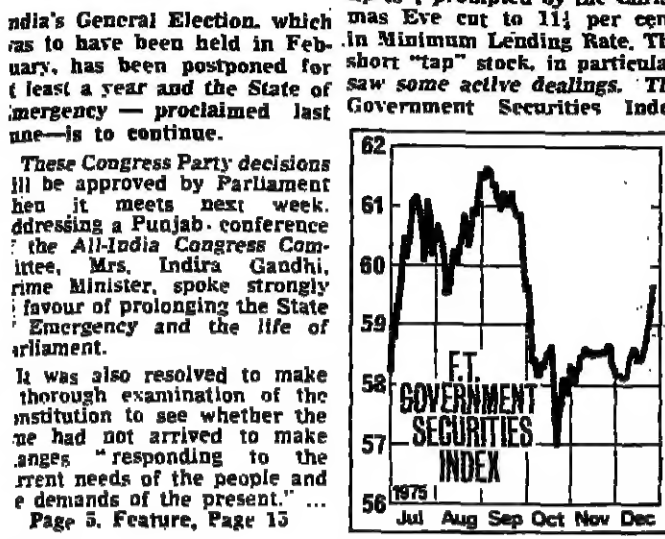
#### India puts off General Election

India's General Election, which was to have been held in February, has been postponed for at least a year and the State of Emergency — proclaimed last week — is to continue.

These Congress Party decisions will be approved by Parliament when it meets next week, following a Punjab conference. Mrs. Indira Gandhi, Prime Minister, spoke strongly in favour of prolonging the State of Emergency and the life of Parliament.

It was also resolved to make thorough examination of the institution to see whether the need had not arrived to make changes responding to the needs of the people and demands of the present.

Page 5, Feature, Page 15



#### it disaster

Meanwhile, at Bihar's Chas-lla colliery 180 miles west of Patna, hope was all but abandoned for at least 372 men mired by explosion and gas.

In response to an appeal from a Gandhi, the U.S. France & Switzerland offered to rush capacity pumps to aid continuing rescue attempts.

#### ister express

#### scapes blast

Passenger express was stopped in seconds of a bomb blast and a hijacked goods train in the Armagh last night. A warning is thought to have been given the goods train's crew running along the track placing the danger. An armed gang had hijacked the goods train down a sidings over the Irish border in Ulster.

#### Freedom deal for EC gunmen

Revolutionary sources in Algiers today confirmed that Mr. A. Bouffekka, Algerian Foreign Minister, had agreed to terms with the kidnappers in Vienna to return for the lives of the Yaman, Saudi Oil Minister and Mr. J. Amouzegar, Iranian Interior Minister. Other details East News Page 5

#### Search alert

#### Kriter II

raft of the Royal Australian Navy's Royal New Zealand Air Force was standing by last night to search for the crippled yacht Kriter II, struggling in broken water near the New Zealand coast after starting on return Sydney-London leg of the Clipper Race. Page 2

#### Yat yacht for teen's U.S. visit

Queen and Prince Philip today left Windsor Castle for Sandringham farmhouse where they are to spend New Year's Eve. Details of next summer's visit to North America — the American bicentennial — include the royal yacht Britannia and a visit to Washington on 7 and 8.

#### ile preserve

Isle of Man, which has no legislation on sex discrimination or equal pay, is to due to specify in Government advertisements whether it is men or women workers. Detail comment, Page 10.

#### effly ...

Prime Minister, Mrs. Wilson, son Giles, and Labour's arrival in the Isles of yesterday for a short stay.

Sheila Cassidy, the British woman who was arrested in last month, is due to be released today.

#### EF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

Item	Change
100c 3pc 1979	+1
100c 11pc 1981	+1
100c 11pc 1982	+1
100c 11pc 1983	+1
100c 11pc 1984	+1
100c 11pc 1985	+1
100c 11pc 1986	+1
100c 11pc 1987	+1
100c 11pc 1988	+1
100c 11pc 1989	+1
100c 11pc 1990	+1
100c 11pc 1991	+1
100c 11pc 1992	+1
100c 11pc 1993	+1
100c 11pc 1994	+1
100c 11pc 1995	+1
100c 11pc 1996	+1
100c 11pc 1997	+1
100c 11pc 1998	+1
100c 11pc 1999	+1
100c 11pc 2000	+1

## Rolls cuts will hit 6,000 aero-engine industry jobs

BY LORNE BARLING

Up to 6,000 jobs will be lost in the U.K. aero-engine industry in the coming year as a result of cutbacks by Rolls-Royce (1971).

The most serious of the cuts, announced yesterday, involves closure of the company's Dunsford factory in Northern Ireland, which employs nearly 800.

But last-minute attempts were being made to save at least some of the threatened jobs with a suggestion that the Government might help Short Brothers and Harland to absorb some of the factory's staff.

As part of a drive to improve efficiency and reduce costs, Rolls-Royce will also close one of its three factories at Barnoldswick, Yorkshire, known as Wellhouse Mill. About 500 are employed there and it is hoped to transfer the jobs to the other factories by early 1977.

In all Rolls-Royce plans to reduce its workforce by 3,000 before the end of next year, and by 6,000 "in the next few years."

Another 3,000 jobs will be lost next year among contractors as Rolls-Royce takes on such work increasingly.

The cuts are blamed on falling world demand for civil aero-engines. Rolls-Royce's recent triumph in winning an 80m contract to supply the Spey engine to China and to allow manufacture there is not expected to generate much work next year.

It is also faced with a shortage of working capital. Sir Kenneth Keith, Rolls-Royce chairman, has said he will ask the Government for upwards of £100m. to meet working capital requirements next year.

The company said yesterday that it needed to improve cost effectiveness to minimise the level of public funds needed.

The Derby division, which employs 34,500 people and is chiefly responsible for civil engine manufacture, will bear the brunt of the cutback next year. As many of the 3,000 jobs as possible will be lost by wastage and voluntary means.

The closure at Dunsford is planned to take place over the next few months, although Mr. Stanley Orme, Minister of State for Northern Ireland and responsible for industry, indicated last night that Government money would be available to Short Brothers and Harland if they were prepared to take over part of the threatened plant.

Mr. Orme said that Short Brothers, who were to report on the possibilities of taking over the factory within two or three weeks, would need to re-equip to meet their aircraft building requirements.

Grants from existing industrial development funds in Northern Ireland would be available for this if it were needed.

#### Surprise

Shorts, which makes the Skyvan and ST300 aircraft and the Tigercat, Seacat and Blowpipe missiles, said that its order books were full for next year, but would not comment on any co-operation with Rolls-Royce.

Mr. Orme last night was meeting MPs, trade union officials and local management representatives to discuss the closure.

The proposed factory closure came as a surprise to local union officials, who said they had been assured that there would be no closure and had been encouraged by the China contract.

One union official said: "At the most we were prepared for a cutback in the labour force, but a closure is something we cannot accept. We will do everything in our power to keep the factory open."

Rolls-Royce said: "The decision to close the Dunsford factory has been taken because the commercial market for the aero-engine is depressed and the company must improve its cost effectiveness in order to minimise its requirements for public funds."

"The anticipated workload over the next few years will not permit Rolls-Royce to maintain all its current manufacturing facilities."

It is thought unlikely that the company will re-open any factories in the event of a resurgence of orders, as it is hoped that manufacturing capacity will be transferred to other centres where greater efficiency can be achieved.

## Commons study planned of Civil Service and F.O.

BY JOHN BOURNE, LOBBY EDITOR

AN INQUIRY into both the Civil Service and the Foreign Office is planned by the highly influential Commons Select Committee on Public Expenditure, which recently criticised Government controls over public spending in general.

This emerged yesterday following a No. 10 Downing Street admission that some preliminary work had been done by the "Think Tank" (the Central Policy Review Staff) on Britain's expenditure on its overseas activities. The purpose of this work, said a spokesman at No. 10, was to "concentrate" the overseas effort "rather than to cut it."

The conclusion of the initial CPRS study is that a more detailed look at overseas activities would be worthwhile.

Meanwhile, Foreign Office sources indicate that Mr. James Callaghan, the Foreign Secretary, had for some time been thinking that an inquiry into the staffing of British embassies abroad might be necessary. Foreign Office consideration of an inquiry appears to have coincided with the return to London last month of Sir Michael Palliser, the new permanent Under-Secretary at the Foreign Office.

If Mr. Callaghan launches such an inquiry, the Commons Expenditure Committee would, later next year, add its considerable weight to the investigation.

Mr. Michael English, chairman of the general sub-committee of the Expenditure Committee, and

Labour MP for Nottingham West, said last night: "After our short review of the Public Expenditure White Paper, when it appears, we intend to do a follow-up to Expenditure, which recently criticised Government controls over public spending in general. This inquiry will in fact be one into the Civil Service generally, both home and foreign. I feel sure that in the course of the evidence which will be submitted to us by Government departments, the relevant trade unions and other interested members of the public, all things that concern any substantial body of opinion, will come to the surface."

The Public Expenditure Committee originally intended to concentrate on another very topical issue — the allegedly expensive salaries, pensions and redundancy arrangements for civil servants — but there is no doubt at Westminster that if questions about British embassy staffing increase, these too will be investigated by the Committee.

Reports of excessive expenditure on British embassies were seized on yesterday by Mr. Norman Lamont, Conservative Opposition spokesman on prices. Saying that he intended to question Mr. Callaghan about the reports he added: "I suspect the finances of the Foreign Office are out of control. I want the fullest examination of the Foreign Office."

He and other Tories intend, when Parliament reassembles next month, to press for one of the sub-committees of the

## Price curbs plan scaled down

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT will almost certainly have to accept a much smaller list of products than originally envisaged for inclusion in its voluntary price restraint package.

In November, the Department of Prices issued a list of 77 product categories from which it was hoped items would be selected for the package. The idea was that price rises on these products should be held to 5 per cent. In the six months from the beginning of February, if necessary, leading the increases onto less essential products.

However, the Department has met considerable opposition in some areas, both from the industries' sponsoring ministries and from trade associations representing the companies involved.

As a result, the list is now understood to have been pruned to under 40 product categories. While many basic products, such as petrol, bread and some forms of clothing are believed to be still on the list, several major

#### Low margins

Yesterday, the Department of Prices said talks were still going on and that no definite list of products had yet been drawn up. The Department's latest circular to trade associations stresses the tentative nature of the present list, describing it merely as a list of products "which are under serious consideration for inclusion."

The sponsoring ministries, which have had the job of negotiating the Department of Prices' co-operation with a plan which they see as being of more cosmetic and political than practical use. As a result of the difficulty in reaching agreement, the timetable is understood to be at least a week behind schedule.

Industry has also pointed out that the main pre-condition for agreement with the Government — namely, signs of a recovery in margins — has not yet been met. All this indicates that the Department of Prices may have to accept not only a shorter list of products but also the concept of more generous escape clauses for industries faced by unexpected cost increases.

£ in New York

Item	Dec. 29	Previous
Spot	82.050-080	82.025-050
1 month	82.050-080	82.025-050
3 months	82.050-080	82.025-050
6 months	82.050-080	82.025-050
12 months	82.050-080	82.025-050

## Strike disrupts BBC news services

By Roy Rogers, Labour Correspondent

BBC TELEVISION and radio news and current affairs programmes were severely disrupted yesterday when BBC journalists staged their first-ever strike.

The one-day stoppage, over demands for improved unsocial hours payments, was described as highly successful by leaders of the National Union of Journalists and further action is to be considered at meetings over the next few days.

Radio Four news bulletins and current affairs programmes, including the World at One, were among the worst hit. They were cut from noon and replaced by music after Association of Broadcasting Staffs technicians refused to work alongside five NUJ members who reported for work in defiance of their union's official strike call.

But for this supporting action by ABS members it is believed that some reduced Radio Four news services would have been possible. On Radio Two, news bulletins went out in abbreviated form and Mr. Jimmy Young was replaced on his show by a non-NUJ member. Other BBC radio stations and BBC Television news slots were similarly affected, with administrative staffs cutting out brief news bulletins.

NUJ picket lines were in evidence outside all the BBC's London and main regional news studios and the union's national officials were overwhelmed by the good response to their strike call. Mr. Denis MacShane, the union's executive member for broadcasting, said last night that of the 720 NUJ members employed by the BBC, only about 10 did not take part in the stoppage. This response "exceeded all expectations."

When the strikers resume work at 10 a.m. this morning NUJ negotiators will be looking for signs that the BBC is prepared to improve its offer. Failing that, further action will be planned at meetings to be held over the next few days.

The dispute has been simmering for some 16 months since the BBC offered to improve unsocial hours payments from a single rate of £195 a year to £234 for most journalists and £400 for those working the most inconvenient hours. Since then there have been prolonged haggling, punctuated by strike threats and conciliation moves, over how many of the 720 journalists should receive the £400. The NUJ has suggested returning to a single-tier payment again, somewhere in the region of £300.

On the other hand, British embassies, it is claimed, employ 25 per cent. of their staff on export work. Their purely diplomatic staff, it is also said, amount to only 6,500 plus various ancillary grades, including passport officers and chauffeurs, bringing the total to 10,300. It is stated in London that since 1965, the number of Foreign Office staff has been cut by over 12 per cent.

However, there is no doubt that some senior civil servants, as well as the CPRS, are concerned about the high level of Foreign Office staffing overseas. Since the appointment of Sir Michael Palliser, Permanent Under-Secretary at the Foreign Office, on November 24, there have been contacts between the Foreign Office and the CPRS and the Civil Service Department which is responsible for staffing. These talks indicated that Mr. Callaghan wished to take a decision fairly soon on conducting a review of embassy staffing. VAT boosts civil servants, Page 15

## Chrysler plan hinges on 11th hour vote

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE FATE of the Government's £162m plan to save 17,000 of the 25,000 jobs at Chrysler, as well as others at component manufacturers, will be decided at the 11th hour.

After a day-long series of meetings between Chrysler management and union representatives — during which the company was in touch with Mr. Eric Varley's Industry Department — it was spelled out that after the end of this month Chrysler would have no more money and would be technically broke.

This means that the unions have until Saturday to decide whether to accept or reject the terms of the scheme, which envisages 8,000 redundancies at Chrysler factories in Scotland, the Midlands and the Luton area.

Mr. Don Lander, managing director of Chrysler, who led the company team, told union representatives that none of the £162m would be available until employees accepted the rescue scheme.

Shop stewards will now go back to their factories to hear the reaction of their members and will reassemble again in Coventry next Saturday to tell the management whether the scheme has been accepted.

Yesterday's crucial meeting with the management at the Coventry headquarters of the Amalgamated Union of Engineering Workers was kept alive in its mid-stage only by a single vote. This once again put a question mark against the successful fulfilment of the rescue programme.

If the vote had gone the other way, the lay-long meetings would almost certainly have broken up then with no plans to continue the discussions, which are vital to the company's future.

Surprisingly, representatives of white collar unions east the biggest vote against a resolution to go back to local management to try to negotiate greater flexibility over the redundancies and other issues, and to reconvene the Coventry meeting with the management.

This was their response to the management's insistence that the package was the best that could be constructed and that there were only extremely limited possibilities for modification.

While agreeing to discuss possibilities, Mr. Lander, who led the company team, made it abundantly clear that over the key issue of redundancy there could be only a little, if any, softening of the impact. He said that any work sharing, possibly involving short time, must be within the financial limits of the plan.

The company has agreed to accept short-time working at Luton and indicated last night that it will look hard at any similar scheme for the integrated Stoke engines plant at Coventry. Its other real concession seemed to be the willingness to agree with shop stewards at individual plants on who among the 25,000 should be made redundant instead of sticking to the "last in, first out" principle, in sacking the 8,300.

But over the key issues of the sale of the redundancies or possible work sharing, the company agreed to do no more than to discuss the possibilities.

Mr. Lander firmly brushed aside a demand that the dates should be postponed.

Time is short, as most of those affected will be leaving at the end of January.

The men's representatives were led by Mr. Bob Wright and other national executive officers of the blue collar and staff unions.

Ferry Dodsworth added: The Government, as one of the two underwriters of the Chrysler rescue programme, would be forced back into negotiations if deadlock were reached between Continued on Back Page

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## HINE. The connoisseurs' cognac.







# The R.A.'s great gun

by DENYS SUTTON, Editor of Apollo

Lord Leighton by Leonée and Richard Ormond. Paul Mellon Centre for Studies in British Art, Yale University Press, £19.50.

William Morris: His Life and Work by Jack Lindsay. Constable, £7.50.

The study of Victorian art is now a fashionable subject, for whatever may be thought about the precise quality of its contribution in general, the personalities of many of its leading artists were fascinating. The Pre-Raphaelites have been treated in depth and the ins-and-outs of their personal relationships are familiar. However, that great gun of the Royal Academy, Lord Leighton, is now an unfamiliar character. Disraeli introduced him as Gaston Phœbus in his novel, *Lothair*.

German classicism are relevant for understanding his development. He was a music lover and, appropriately, he enjoyed a long and close relationship with Mrs. Sartoris, who had been a singer until her marriage. Whether she was more than a maternal Egeria to Leighton is a matter of conjecture. The Ormonds also go into the question of whether Leighton was homosexual; nowadays an inquiry of this sort is almost obligatory when a bachelor is the subject of a biography, but they discuss the matter with common sense, and refrain from making too much of it.



Leighton: Daedalus and Icarus

## German film & theatre emigration 1933-45

by RONALD HOLLOWAY

The artistic emigration from Germany is the darker side of the Hitler Fede that has swept us these days; for as the star is the handmaid of the stalin, the former is the stuff of tragedy. History presents some arresting footnotes in the production of Mother Courage and Her Children and a Good Woman of Setzuan as the premiere at Zurich's Schauspielhaus, in Lucie Mannheim's poignant rendering of *All Mankind* in English for C. Radio, and in a handful of Broadway movies, like *Man on the Beach*, that marked a passionate spirit of lance among film and theatre

resistance of both physical daring and spiritual rejection (many non-Jews left simply because of principles). Strasschek covers primarily the film emigration; for those seeking related and complementary information Walker Luder's catalogue-programme on *Theater im Exil* for the 1973 Akademie der Künste exhibit in West Berlin is a rich treasure of facts, photos, and articles on the major exile-havens in Europe and the Americas.

For many still living in exile the interviews came just in time; for some a fading memory and a lost language complicated matters enough to partially distort the truth—but the collective story from pieces of time and memory makes for a mosaic of stunning and impressive achievement under difficult conditions. The documentary series brings the lives of many famous pre-Nazi personalities into sharp focus: Fritz Lang, Anatole Litvak (he died shortly after the interview), Lucie Mannheim, Dolly Haas, Paul Henreid, Camilla Spira, John Brahm, Gitta Alpar, and Anna Röhrer (widow of Fritz Kortner), together with Lottie Eisner and Heinz Franke, Maria Feuchtwanger, and a score of Hollywood composers, script-writers, and technicians. More important for the background is filled in with newspaper footage and excerpts from British and American movies that starred or featured the emigrants: *The Life and Death of Colonel Blimp*, *Confessions of a Nazi Spy*, *Ranunculus*, *Also Die*, *Desperate Journey*, *To Be or Not to Be*, *Man Hunt*, *Somewhere in the Night*, and the key Hollywood film of the forties, *Casablanca*.

It is the stories, however, that move and excite. The first part, *The Wise Got Out Fast*, starts with documentary footage of Hitler and Goebbels pouring in the capture of the early narrative, the mathematically symmetrical rhythms of the South American tango, which provides light relief and paradoxically gives rise to dance

minister; stories of imprisonment and narrow escapes by Stefan Lorant, Lottie Eisner, and Camilla Spira are high drama beyond the pale of fiction and the Bijou—all the more heart-rending when one considers the uninitiated who were slow of foot and did not get out fast enough.

### This week's Book reviews will appear in to-morrow's paper

igrants abroad. But, until the full story has never been told. And as good as the (Cologne) five-part, five-episode documentary film *Emigration from Nazi Germany* is, its thorough search and extensive set of interviews with 30 surviving and theatrical personalities lured to the four corners of globe were doomed from the start to scratch only the surface. The documentary is a labour of heart and soul by film his-ant Günter Strasschek (much wider das Kino), who in months tracking down to get interviews and bits information to carry him-ber along the way to a com-plete portrait of the era and the art. It was presented in state chronological order, d weekly throughout Novem-ber and December on WDR's rd Channel (a co-production Sender Freies Berlin, the es will be repeated shortly the educational book-up in in, Hamburg and Bremen); part has a drama all its of narrow escapes and short- in imprisonments, bitter dis-ointments, consuming loneli- and fear, and brave acts of

For the first time Maurice Béjart has presented his Ballets du XX Siècle at the Théâtre Royal de la Monnaie in a composition of his own called neither a ballet nor a dance-drama but quite simply a "Spectacle"; or, on the Flemish side of the mandatorily bilingual programme, a "Schouwspel". In short, a play. *Notre Faust* is subtitled "Variations on a Theme by Goethe," and does indeed contain passages from both parts of Goethe's epic, recited or intoned or spoken into micro-phones, in either German or French, or both, by various members of the cast, including the author himself.

For stage-music Béjart uses tapes of Bach's B Minor Mass, as a background for the text or the danced or mimed passages; an extract from Minkus's *Le Renard du Flore*, for an intricate pseudo-Freudian dream of child-hood, when Faust relives his earliest days in the shadow of his mother before expiring; and, as linking passages in the main narrative, the mathematically symmetrical rhythms of the South American tango, which provides light relief and paradoxically gives rise to dance

steps uncannily similar to those suggested by Bach's, equally strictly regular, equally rhythmic. Despite echoes of Paul Valéry's *Mon Faust*, Béjart's title has no significance other than that the show was devised collectively by his entire team of 26 players under his guidance. It plots Faust's spiritual pilgrimage in search of God, or his identity, or the mystery of Life, call it what you will, in the form of a ceremonial or mass. Béjart's method is iconoclastic, or even atheistic, not to say blasphemous, by turns, but the claim that Faust and his alter-ego Mefistopheles are complementary facets of one personality seems to work.

Béjart himself opens proceedings as the elderly scholar by delivering his famous soliloquy in German into a red mike at the end of a long red cord (that enables his eight doubles to perform a tricky cat's-cradle-dance later on). When Yan Le Gac, as the handsome young Devil, materialises with a black mike and cord as counterparts, and Faust chooses a mask of beauty and youth for his earthly resurrection, it is quite natural for the two dancers to switch roles.

## 50 Years International Green Week Berlin

ie world-wide bilee show of riculture and foodstuffs

21,000 visitors came in 1926 to the first Green Week in Berlin. In 1976 - 50 years later - more than half a million are expected. These figures alone demonstrate the unique success of this international event. In addition to animal breeding, machinery and equipment for agriculture and horticulture, seeds and fertilizers, this significant exhibition offers the agriculture and the foodstuff industry in the jubilee year of 1976 an all-embracing survey of the world-wide spectrum of foodstuffs and luxury foods.

Countries, organisations and companies at the International Green Week Berlin exhibit on over 88,000 sq.m. of roofed display area. Manufacturers test their new ideas and products. There is detailed information for the trade and the consumer. From January 23 to February 1, 1976 the motto on the Berlin exhibition grounds is again: Establish contacts, sign business contracts. Don't miss it. Get in the action - come to Berlin. Over 200 congresses, meetings and seminars disseminate news from practice, science and research.



January 21 to February 1, 1976 daily from 10.00 a.m. to 7.00 p.m.

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Electronic Data Processing in German Animal Stock Keeping  
The German Hybrid Pig  
Horses and Cattle: Main Feature of the Animal Show  
International Flower Show  
Allotment Gardening  
Consumer Information - Specialised Information.

### Rome

## Petrassi by WILLIAM WEAVER

The Teatro dell'Opera was to have opened several weeks ago with a *Simone Boccanegra* staged by Tito Gobbi and conducted by the veteran Oliviero De Fabritius; instead, the season will begin with a revival of *Nabucco*, starring—if that is the word—the Opera's resident corps de ballet. This delay was caused by a long strike of the theatre's personnel, demanding that a general manager and an artistic director be named—two appointments long overdue. The strikers have achieved half their purpose; the Teatro dell'Opera now has a general manager, the 68-year-old poet Libero De Libero.

As far as anyone can say, De Libero has no experience of running a theatre, and what he knows about opera has been learned on this side of the footlights. But the Romans are by now so exasperated with the situation in their opera house that any able-bodied, honest, intelligent man would have been acceptable. The poet has been welcomed. In any case, there is little he can do for this season (the *carri-fonne*, fairly dismal, has already been planned; the works cast the dates set). By the end of this season, the political climate in the city may have changed, and perhaps there will be a change of general managers. The outlook for opera in Rome, in short, is not bright.

Fortunately, not all music-making in the capital is left to the Opera. The several concert organisations are in full operation, and the RAI's Roman symphony orchestra has been giving its regular series of con- ceris, some of the best in Italy. One recent guest was Hans Werner Henze, conducting the Italian premiere of his *Heidegger*, composed three years ago for the Chicago Orchestra. Recently another contemporary, the composer-Italian, this time was honoured. Goofredo Petrassi was present in the auditorium for the world premiere of a work especially commissioned by the RAI. It is a large-scale piece, entitled *Oraciones Christi* for mixed choir, brass, violas and cellos. The Rome Orchestra and the RAI's Rome chorus were conducted with great sensitivity by Zdenek Macal, and the work was obviously an immediate success, arousing the large invited audience's enthusiasm.

## Programme music by ELIZABETH FORBES

Programme Music by Leslie Orrey. David-Poynter, £6.00. 192 pages

What is programme music? The simplest answer to that question is by example: Beethoven's Pastoral Symphony, Mussorgsky's *Night on the Bare Mountain*, Dukas's *The Sorcerer's Apprentice* are all programme music; so are Vivaldi's *Four Seasons*, Berlioz's *Symphonie fantastique* and Abram Chasin's *Rush Hour in Hong Kong*. As Leslie Orrey points out in the preface to his book, one needs to study "literature, painting, history, geography, folklore... as aesthetics and philosophy," as well as "the social and artistic life of the times" in order to appreciate the subject.

This short survey covers a great deal of ground, from "Mr. Byrd's Battle" of around 1590 to the Penderick's *Therapy* for the Victims of Hiroshima (1960); from Marco Uccellini's *Sinfonia boscareccia* (1668) to the bird songs, three centuries later, beloved by Messiaen. It is not difficult to imagine the programme of J. L. Dussek's stirring

## Welsh Drama plans

The Welsh Drama Company which is linked with the Welsh National Opera opens the New Year with its first Samuel Beckett production *Waiting for Godot*. It is being staged to mark the author's 70th birthday and will form part of a nation-wide celebration of the anniversary. It will be directed by the Drama Company's director Michael Gelfin and designed by Jenny Beavan. It opens in Aberystwyth on January 13 and later visits Bangor and Cardiff.

## £10,000 for arts in Tower Hamlets

Ten thousand pounds has been awarded to Tower Hamlets by the Greater London Arts Association from the Thames Television fund for the Tower Hamlets Arts Project to be launched next month. The money will be divided between a series of workshops and events aimed at stimulating the arts in the borough, both by supporting some existing activities and developing new initiatives. The broad theme of the project is everyday life in Tower Hamlets, and a community arts programme is planned to give everyone the chance to join in.

## Music in shops

The Performing Right Society has decided that it can no longer waive its right to require a licence for the performance of copyright music in retail shops and stores. The annual royalty for background or demonstration music will be 1p per square metre of the sale floor area, with a minimum of £100 per annum. This does not, however, include music given in sound-proof booths or through individual headphones.

## BBC eases advert rules

Firms sponsoring artistic performances which are broadcast by the BBC will be acknowledged on the air in future, it has been announced by the Corporation. Those benefiting from the BBC's new advertising guidelines are likely to include the big banks, insurance companies and tobacco companies, who are estimated to put more than £1m. a year into the arts, including performances of opera, ballet and orchestral concerts.

## Andrew Porter award

The American Society of Composers, Authors and Publishers has awarded an ASCAP-Deems Taylor prize to Andrew Porter for his collection of New Yorker reviews, published last year as *A Musical Season*.



Peter Breuer in the London Festival Ballet's production of 'The Nutcracker', which opened at the Royal Festival Hall on Boxing Day. Clement Crisp will review this later in the week



## AMERICAN NEWS

## Peronists may back call for impeachment debate

BUENOS AIRES, Dec. 29.

A GOVERNMENT Congressman said today that members of his group will reject an opposition request that the Argentine Congress start impeachment proceedings against President María Estela Perón. But he indicated that Mrs. Perón's supporters in Congress might be prepared to go along with the opposition request in open session.

This was the conclusion drawn from the statement made by the Congressman, Sr. Alfredo Rodríguez, who said that he had been appointed by his group to argue the case for rejection of the impeachment request when it comes up in the Lower House, possibly later today.

The request was tabled by the 12 Lower House members from the Popular Federal Force, an

alliance of provincial parties, who accused the 44-year-old President of maladministration, incompetence and corruption. Observers said that although a split in the Peronist bloc left Mrs. Perón's supporters in a minority in the Lower House, they could still deprive the opposition of the two-thirds majority required to approve the impeachment request.

A two-thirds majority vote is also required for the request to be debated in open session. The impeachment request also accused Mrs. Perón of trying to block a Parliamentary investigation into high-level corruption charges involving her Social Welfare Ministry and the President herself. Agencies cited: The Robert Lindley and the daughter of José López Rega,

whose whereabouts have been in doubt since December 11 when a Judge ordered his appearance today to give evidence on corruption charges. He insists that he is living in President Perón's mansion.

There is also an arrest order out for Sr. López Rega, through interplay on charges of embezzlement. According to an agency report, a servant at Mrs. Perón's mansion today said that Sr. López Rega had left there "several days ago" and that she thought that he was elsewhere in Europe. Roberto Quieto, a leader of the disbanded left-wing Peronist youth movement (JP) was detained here yesterday by a group of armed men claiming to be policemen, his wife said today.

## Caracas claims OPEC guarantee for its oil

By Joseph Mann

CARACAS, Dec. 29.

A VENEZUELAN Government official, who participated in the recent OPEC talks in Vienna, said that members of OPEC had come to an informal understanding by which no country in the oil producers' association would permit international oil companies to undercut Venezuela's position by replacing Venezuelan crude with crude sold by other members of the group, it was reported here.

If this turns out to be true it will be of crucial importance for Venezuela, which is now negotiating with foreign oil companies for marketing its petroleum abroad after all private oil concerns are nationalised this week. Talks on marketing contracts have bogged down due to the fact that Venezuela, the world's fifth largest petroleum producer, has insisted on selling its crude oil at full OPEC prices.

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## Ford aides attack image of 'bumbling President'

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Dec. 29.

THE WHITE House has now taken issue with the Press and the entertainment media over the current wave of news pictures, cartoons and jokes that portray President Ford as physically clumsy, bumbling and incompetent. In Colorado, where Mr. Ford is enjoying a Christmas skiing holiday, his Press secretary, Mr. Ron Nessen, said that the image being accorded to Mr. Ford was a "deliberate and conscious misrepresentation of the President."

He went on: "This President is healthy, he is graceful and the most athletic President in memory."

Mr. Ford himself professes to be unworried at being the butt of public humour, but his advisers, lacking the same restraint, have become increasingly worried at what is now a small national vogue and have decided to fight back. Thus, what otherwise might seem to be no more than a little light relief, is now much more than that. Mr. Ford's advisers feel that this public image is being reflected in the public opinion polls, which show the President running neck and neck with the former California Governor Ronald Reagan in the race for the Republican nomination.

## Crime in U.S. rises by 11%

WASHINGTON, Dec. 29.

SERIOUS crime in the U.S. rose by 11 per cent in the first nine months of 1975 over the same period a year ago, Attorney General Edward Levi said today. The increase compares with a 16 per cent rise in the first nine months of 1974 over the same period the previous year. Mr. Levi said that it was encouraging that the increase was not as large as in past periods. He added: "But it must be remembered that the figures show an increase, and the crime rate remains at an intolerable level."

The figures were given in a report released today by the Federal Bureau of Investigation. The report also showed that serious crime — murder, rape,

robbery, assault and theft — was 18 per cent higher for all 1974 over 1973 and rose 10 per cent during the first six months of 1975 compared with the first half of last year.

Reuter

## CASSIDY FREED

SANTIAGO, Dec. 29.

BRITISH doctor Sheila Cassidy, jailed in Chile since November 1973, was freed today after being freed from the Tres Alamos detention centre. She left aboard British Caledonian flight bound for London, the British Embassy said. Reuter.

## Machine tool orders pick up

By Jay Palmer

NEW YORK, Dec. 29.

DESPITE a sharp drop in November month-to-month new orders, the machine tool industry is ending the current year well ahead of the very depressed levels experienced at the end of 1974 and during the first quarter of this year.

According to figures released by the National Machine Tool Builders' Association, November new orders for the industry total about \$104m. While this represents a 13 per cent decline on the October orders of \$120m, it remains about 30 per cent up on the very slack \$80m worth of orders seen in November 1974.

Explaining this apparent dip last month, the association pointed out that September and October orders this year were swollen by non-repeating bookings from the automotive industry. It was also pointed out that monthly bookings over the past 12 months have risen remarkably constant and that the recent upturn stems from new orders but from a sharp reduction in the rate of cancellations.

Looking ahead, the association predicted that the worst of the cancellations had already ended. Although the backlog of unfilled orders has now fallen to about half that of the \$2.65bn a year ago. The existing backlog of unfilled orders, which is expected to be taken up by car makers re-tooling small models and rising labour costs encourage a switch to new machinery, with higher productivity.

## Polaroid plans new model

By Jay Palmer

NEW YORK, Dec. 29.

POLAROID has today confirmed that it is planning to introduce into the U.S. market a new model of its SX-70 instant picture camera early next year. The camera, the fourth in Polaroid's SX-70 series, will be non-folding and will retail at a suggested list price of under \$70.

Even before expected discounts, such a price tag would make this model the least expensive of the SX-70 line. Although Polaroid refuses to comment on the specifications of the new model, it is generally assumed that it will be very similar to model 3 and not have the through-the-lens viewing of the earlier cameras.

## U.S. FORCES IN GERMANY

## Shorter tail, sharper teeth

BY DAVID BUCHAN

SIGNS of detente in the sector occupied by U.S. forces in southern Germany are no more abundant than anywhere else on NATO's central European front. The physical division of Europe seemed as sharp as ever when the East-West German border on foot and from a U.S. Cavalry helicopter.

The Ostpolitik has added more crossing points on the border, but not for use by the majority of East Germans and only in a limited way by West Germans. The East Germans have built extra fences (and solid barriers in those villages split down the middle by the border), and in some places have added automatic machine guns which blow shrapnel up and down the fences when triggered off. There is, yet, no marked decline in the number of people willing to risk this unpleasant obstacle course to get into the West. And on the western side the patrolling of the border goes on with unrelenting vigilance by the West German border agencies, supported by the forward deployment of the various NATO forces.

The U.S. Second Armoured Cavalry, for instance, claims to cover the whole 430 miles of East German and Czech border for which it is responsible once every four days. But back from the border a major change is taking place — altering the proportion of combat to support troops in the former's favour. One incentive has been money, the cost of keeping men in uniform who do not shoulder a weapon. The second reason is the growing awareness that NATO forces should more closely resemble the threat that they are to meet. NATO's long support "tail" and the ability by the West to fight a protracted war would be of little use if it were speedily overwhelmed by numerically superior troops with a higher combat ratio. Several countries, including Britain, are restructuring their forces: to make do with less support. But no NATO army has been as noticeably support-heavy as the "all mod cons" American forces.

Proposed by Senator Sam Nunn (who has in effect replaced Senator Mansfield as the congressional watchdog over the 300,000 U.S. troops in Europe), Congress this year required that 18,000 support troops in Europe be withdrawn by the middle of next year, but that this could be made good by combat replacements. The reaction of the U.S. Seventh Army in Germany, the main target of the

cuts, has been "sullen but not mutinous," as one U.S. official put it, partly because the cutting of the "tail" has proceeded faster than the replacing, and partly because the dividing line between support and combat is not always clear. One such "blurred" instance is the couple of medical units that have been withdrawn from the Seventh Army group.

Those concerned with the overall effectiveness of U.S. forces in Europe have cause for satisfaction in the decisions to sharpen their "teeth." Two Reformer exercises with the brigades from U.S.-based British forces in the north. The

divisions are to rotate through Germany on a six-month basis, a U.S. brigade in the northern unoccupied sector now hangs on the West. Their officers say by the time they return to their barracks there will not be great. The foreign exchange saved by not having families living and spending in Germany will be to some extent negated by the budgetary cost of the six monthly troops lift to and from the U.S.

But Col. Coad, commanding officer of the first unit — called Brigade 78 because it arrived this year as opposed to Brigade 76 which will arrive next spring — spoke enthusiastically. Like many armies at the moment, the U.S. forces are trying to draw the lessons from the Yom Kippur war of 1973 and put them into practice. The U.S. is now paying for some 42 per cent of the Israeli defence budget and has paid much of the cost of Israeli mistakes in the war, in a good position to do so.

The lessons range from the technical need for new equipment — more and better surface-to-air missiles and anti-tank missiles; larger stocks to take account of the very high rate of attrition in the Yom Kippur war — to tactical considerations like the better use of terrain and concealment, the close support of tanks by artillery and infantry. Brigade 78, for example, is being kitted out with a very large number of TOW and Dragon anti-tank missiles; they in fact have the first Dragon missiles in Europe. More armoured exercises are being carried out by night, with infra-red and moonlight magnification sights. Many of the Yom Kippur lessons are little more than common sense: the disproportionate number of casualties

among Israeli tank commanders was in the minds of officers of the U.S. 1st Armoured Division when they advised their tank commanders to keep their tanks hatched battered down where possible.

But some older U.S. officers see the Yom Kippur war as a reminder of lessons that should have been drawn from the Second World War and practised since. And indeed certain precepts about, say, the need for more initiative from junior officers have been voiced ever since it was realised that in any nuclear war over-centralised commands might quickly break down.

The U.S. army in Europe still has its social problems. Racial incidents within the U.S. forces have virtually ceased, although there is still discrimination against black GIs in German restaurants and housing.

"We bust a major drug pusher once a month," said the commanding officer of a small unit as evidence of an improvement in recent years. "It still sounds horrible by European standards. But drug use has lessened as unwilling conscripts have left the services, as the legacy of Vietnam has receded, and as a result of the intensive drug rehabilitation programmes introduced a couple of years ago by General Michael Davidson, then commander of the Seventh Army."

Use of hard drugs shows up in the random urine analysis tests that every U.S. serviceman is made to undergo. Soft drugs are trickier to detect. Those who show positively on the test are given an eight-week "rehabilitation" course, and only if they fail are they discharged. Those actually caught with quantities of drugs are liable to prison sentences. Despite this, laboratory studies, the curriculum by many officers is constant activity. "Don't let them sit and think," one officer urged. "The 'all-volunteer' army has brought problems of its own. To all the ranks the U.S. services, and particularly the army, have to lower their educational entry requirements somewhat. The remedy that Congress has required of the army is that it provide time for every recruit to complete at least his high school course. Officers grouse about their men wasting large chunks of the day in the classroom, but generally accept the principle. Given the characteristic elan of the U.S. army in tackling these sorts of problem, there is no common sense: the disproportionate number of casualties

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OVERSEAS NEWS

# Indian elections put off for a year

BY K. K. SHARMA  
NEW DELHI, Dec. 29.

INDIA's general election due in February will be postponed by at least a year and the country's State of Emergency proclaimed in June will continue in force. Major constitutional changes will also be introduced after a "countrywide debate" on them.

These were the main results of the All-India Congress Committee, the supreme body of the (Ruling) Congress Party on the first day of its annual session near Chandigarh, the Punjab capital.

They need approval by Parliament, which is to meet on January 5, but are bound to pass because the (Ruling) Congress has a huge majority. Moreover, Mrs. Indira Gandhi, India's Prime Minister, intervened in the debate to speak strongly in favour of continuing the Emergency and for an amended resolution extending the life of Parliament.

The amendment said "in the light of internal and external subversion and in order to ensure continuity in bringing about economic and political stability, the Congress calls upon the Congress Party in Parliament to take appropriate action under Article 33 of the constitution to extend the life of the present Lok Sabha (Lower House of Parliament) by one year.

According to Article 33 the normal five-year term of the Lok Sabha may, while a proclamation of emergency is in operation, be extended by Parliament by law for a period not exceeding one year at a time and not standing in any case beyond a period of six months after the proclamation has ceased to operate. This makes it certain that the Emergency, strongly defended by Mrs. Gandhi to-day, will also last at least one year more.

The Congress resolution said that "while dangers lurk and our internal tasks remain unfinished, the Emergency which was proclaimed to meet an immediate threat now requires to be continued till there is the fullest assurance that these dangers have been contained." Far from relaxing the Emergency laws, the resolution says "on the other hand each and every citizen is aware of the fact that the forces of destabilisation are still actively at work within the country and outside."

Another important feature of the resolution is the plea for re-examining the constitution "thoroughly." This has become necessary, it says, for ascertaining "if the time has not come to make adequate alterations to it so that it may continue as a living document, effectively responding to the current needs of the people and the demands of the present." Among the reasons for this "flexibility and responsiveness are the essence of any living social organism such as a constitution. Form and spirit must inevitably change in order to preserve the spirit."

The resolution therefore considers it important that "our Constitution must itself serve as an instrument of change and also be capable of being altered, in whole or in part, whenever necessary, in order to give fuller expression to the spirit of democracy and egalitarianism and the principles of our people."

Follow my leader Page 15

# Algeria, Libya, seek closer ties

ALGIERS, Dec. 29.

ALGERIA and Libya announced to-day that they will "institutionalise" their relations to defend their revolutionary regimes and combat threats to the Arab nation.

The two North African nations said they will establish "organic or vital links between each other complete with period summits of their leaders." The decision was made public in a communiqué at the end of a 36-hour conference between Algerian President Houari Boumedienne and Libyan Chief of State Muammar Kadhafi. Boumedienne told reporters that he and Kadhafi have decided to stand together against threats to both the Palestine and Spanish Sahara.

There was no immediate indication how Libya and Algeria would achieve their planned "institutionalised" relationship. Libya's past attempts to merge with Egypt and Tunisia collapsed shortly after their conception.

The pledge appeared chiefly designed to allow Algeria to win a friend in North Africa in its confrontation over Morocco's occupation of Spanish Sahara.

Algeria has agreed to free the pro-Palestinian guerrillas who kidnapped the world's top oil ministers from the Organisation of Petroleum Exporting Countries (OPEC) headquarters in Vienna, the Algerians correspondents of the Tehran newspaper Kayhan reported to-day.

The report said the guerrillas negotiated their freedom with Algerian Foreign Minister Abdel Aziz Bouteflika in return for their hostages.

# Khaled fails to bridge Syrian-Egyptian differences

BY OUR FOREIGN STAFF

EFFORTS by King Khaled of Saudi Arabia to resolve the increasingly bitter dispute between Egypt and Syria over the Sinai agreement appear to have met with little response in Damascus. Indeed the visit by the Saudi monarch, expressions of goodwill and exhortations to Arab unity apart, appears to have been less than a complete success according to well-informed diplomatic sources.

Especially noticeable was the fact that no joint communiqué was issued at the end of the visit—merely a Press release praising the "excellent and traditional good relations between the two countries." At the same time it is reliably reported that Syrian hopes that King Khaled would offer further, much-needed financial aid to the Ba'athist regime were dashed. There has apparently been no offer of aid or at least in a form which the Syrians found acceptable.

With momentum in Middle East negotiations apparently at a standstill following the agreement between Egypt and Israel, the Saudi leader's prime objective appears to have been to explore the areas of possible compromise between Syria and Egypt.

In the event President Assad, who appears to be making a serious attempt to wring the diplomatic initiative from President Sadat reportedly stood firm on Syria's claim that the Egyptian leader has done a disservice to the Arab cause and must repent. His talks with King Khaled were frank to the point of bluntness on this point and he reportedly told the Saudi monarch that "it is not enough to embrace," but that fundamental issues were at stake.

The only bright spot of the Saudi King's trip—which also took in Jordan—was some progress on the search for a peace formula in the Lebanon. Here King Khaled has backed a formula which is apparently being given serious consideration by all sides in the conflict.

The Saudi monarch's visit came at a particularly sensitive time for the Syrian leadership amid reports from Cairo that up to 300 leading members of the Syrian Communist Party had been imprisoned by President Assad.

The facts over this curious episode, which Egypt has clearly got a vested interest in keeping alive, are still far from clear. However, reports from Damascus yesterday claimed that Mr. Khalid Baghdadi, the party leader who was said to have fled the country, had been seen entering the Syrian Parliament on Sunday to attend a debate on domestic matters.

Officials in the Syrian capital continue to deny that there has been any purge of the Communist Party—which has two Ministers in the National Progressive Front (basically a rubber-stamp coalition Government) and several senior officials in the Government. The indications are however that some arrests have taken place though it is too early to verify the exact numbers, or the reason for the action.

Meanwhile, President Assad is in Tehran on the first official visit to Iran by a Socialist Syrian President. The two countries restored their severed diplomatic relations two years ago. From Syria's point of view the visit will hopefully serve to enlist Iran's help in the campaign against Israel as well as to demonstrate that Syria, far from being a Soviet puppet, is open to wider influences. The visit must also be seen in the context of Syria's efforts to supplant Egypt as the leading Arab voice.

# 'Too many Arab mediators' in Lebanon

BY IHSAN HIJAZI  
BEIRUT, Dec. 29.

THE numerous Arab offers of mediation in Lebanon may prove counter-productive and put off an early end to the country's crisis. This is the considered opinion of qualified observers here who have noted that too many mediators, each with a different view of how the Lebanese crisis should be solved, have been interfering for their own interests.

Syria, which had started a new initiative a week ago, has indicated suspicion of a goodwill mission sent here by Iraq, and of the decision by Arab League Secretary, General Mahmoud Riad calling for a joint move in Lebanon by the 20 member states of the League.

The daily Al-Sabir, which reflects Syrian thinking, said in its main story here to-day that both Iraq and Egypt were trying to undermine Syrian endeavours to get Lebanon out of the eight-month old national strife.

The newspaper alleged that the call by Mr. Riad was meant to pave the way for Egyptian intervention in Lebanon. It added that the Iraqis were not so much interested in finding a solution to the Lebanese crisis as they were in ensuring that the next Lebanese president would be favourable to Baghdad. It attached special attention to the fact that the head of the Iraqi delegation now in Lebanon, Information Minister Tariq Aziz, met yesterday with two presidential hopefuls, Central Bank Governor Mr. Elias Sarkis, and Mr. Michel El Khoury, the son of the late President Bechara El Khoury.

Observers noted that if Syria rejects the Arab League bid for a joint Arab plan of action, the plan may have very little chance of succeeding.

At any rate, Syria is not giving up, and has remained in touch with President Suleiman Franjeh in an effort to have him agree to Syrian proposals for solving the crisis.

Dr. Lucien Dabbab, a former foreign minister and a relative of Mr. Franjeh's, visited Damascus on Saturday for the second time in one week.

Mr. Franjeh was reported to have insisted on a cover by his

Christian Maronite community for endorsing the proposal regarding the sharing of Parliamentary seats in the unicameral Parliament, while the Muslims hold 55.

A top-level Maronite meeting is scheduled within the next two days to discuss the subject. This was announced by Mr. Pierre Gemayel, the leader of the predominantly Christian Phalangist Party.

All was reported quiet in Beirut and the suburbs to-day. The State-run Beirut radio said there was sporadic shooting in some suburbs during the night as representatives of the warring factions sought to pull out their armed men from the streets.

# Israel, Egypt settle listening post dispute

TEL AVIV, Dec. 29.

ISRAEL and Egypt to-day resolved their dispute over the construction of an Egyptian electronic surveillance station in the Sinai and Egyptian engineers will begin building the post in two days, a UN spokesman said.

Agreement by Israeli and Egyptian army officers meeting at a UN post at Baluza in north-western Sinai resolved the most serious dispute in working out the interim peace agreement.

Details of how agreement was reached were not immediately available, but diplomatic sources said Egypt did not request that its peace monitoring station be built on a plot of ground twice the size approved by Israel.

# Bhutto cracks down on Opposition leaders

BY IQBAL MIRZA  
KARACHI, Dec. 29.

THREE prominent Opposition leaders have been arrested in an unknown place. Air Marshal Khawar, having failed to persuade the Government through negotiations to lift the restrictions and relax different curbs on normal political activities in a country, the Opposition leaders have begun defying the law.

The chief of Tehrik Istislahi Air Marshal Asghar Khan, let of Jamiat-e-Ulema-i-Pakistan Party, Maulana Shah Mahmood Noorani and Gohar Ayub, of former President Ayub Khan and a member of Tehrik Istislahi were picked up by the police in Peshawar and taken to an unknown place. Air Marshal Khawar and Gohar Ayub were on their way to address a public meeting in violation of the section 144 order banning assembly of five or more persons, while Maulana Noorani was taken into custody at the airport.

In Rawalpindi police have registered a case against former Governor of the Punjab, Malik Ghulam Mustafa Khan and Chaudhry Zahur Ullah, member of the National Assembly for violating section 144 and defying the ban on the use of loudspeakers.

# Portugal to maintain presence off Timor

DARWIN, Dec. 29.

PORTUGAL is sending a corvette to East Timor waters to maintain its presence there, a Portuguese spokesman said here to-day.

Portugal's last territorial toe in East Timor—offshore Aturo Island—was occupied by Indonesian-led troops yesterday, a radio report to-day from Dili, the capital of East Timor, issued on authority of the pro-Indonesian provisional government.

Indonesia's flag had been hoisted on Aturo, apparently with the consent of a tiny Portuguese-appointed garrison.

Indonesia says its troops are in East Timor at the request of war opponents of the left-Fretelin movement, which claimed independence from Portugal. Fretelin's opponents for integration with Indonesia.

Then civil war broke out in East Timor because the seat of the Portuguese colonial administration, but its members were evacuated by the corvette Ruby earlier this month.

Announcing to-day that the corvette would sail for East Timor waters on Wednesday, the Portuguese spokesman here said: "We want to maintain a presence in the area, even though we no longer appear to have any land."

● The Australian Government to-day called on Indonesia to allow the resumption of humanitarian aid to East Timor and to admit a UN observer without delay or prevarication.

Foreign Minister Andrew Peacock, in a statement released here, said the Australian Government had made several approaches to Indonesia to allow International Red Cross teams to resume relief programmes in East Timor.

The statement was released amid reports of renewed fighting in East Timor between fugitive factions of the Fretelin independence party and pro-Indonesian forces backed by Indonesian troops.

● Chinese Vice-Premier Han Nien-lung held talks to-day in Peking with Rogério Tiago de Fatima Lobato, leader of the Fretelin faction in East Timor, the New China News Agency said.

# Morocco controls El Aaiun

RABAT, Dec. 29.

MOCCAN troops have taken control of the civil and military air base at El Aaiun, the capital of the Western Sahara, from Mauritania, officials said to-day.

The officials said the Moroccan armed forces moved to the airport yesterday after occupying military bases in El Aaiun itself last night. Under an agreement signed in Madrid last month, Spain has agreed to hand over the territory to Morocco and Mauritania.

The only Spanish troops left in the Western Sahara are at Dakhla (Villa Cisneros) 300 miles south of El Aaiun. They are due to be withdrawn by January 15 next year.

## BRIEF

**Israeli deficit**  
reases to \$2.9bn.  
Israel's balance of payments rose by 11 per cent in the nine months of this year to \$2.9bn. Nearly half of the deficit due to imports of defence equipment, which totalled \$1.1bn, whereas at \$982m. from July to September, 1974, they accounted for 38 per cent of the deficit. Unilateral capital flows to Israel during the nine months of this year at \$1.1bn (44 per cent of the total) were down to \$8 per cent the same period a year earlier. Israel's total debts stood at \$1.49bn. in the first nine months of the year against \$1.33bn. a year earlier. Israel's foreign reserves, in exchange reserves, deposits and loans) stood at \$1.1bn. against \$997m. a year earlier.

**Kenyan dispute**  
Members of Kenya's Commission and Industry Minister to-day threatened to strip him of his membership in the ruling Kenya African National Union (KANU). The

threat to expel Dr. Kiambu from KANU, which would automatically deprive him of his seat in Parliament, came after the Minister refused to accept a vote removing him from the chairmanship of his local party. The dispute, which is dominating Kenyan politics, arose after Dr. Kiambu's opponents criticised him for his party activities. Speakers at the meeting of the local party complained that party leaders had tried to extend their control to local as well as national level.

**Thai-Lao border**  
The border between Thailand and Laos was briefly reopened yesterday to allow various Governments to send supplies to their embassies in the Lao capital. The border had been closed since last month after a clash between Thai and Pathet Lao troops. A spokesman for the Thai Foreign Ministry in Bangkok said earlier yesterday that Thailand had told Laos it was considering reopening the common frontier. The Thai said there has been no serious incident along the frontier for some time.

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## EUROPEAN NEWS

## Soviet-Turkish summit to seal friendship pact

BY METIN MUNIR

ANKARA, Dec. 29.

TURKEY and the Soviet Union have decided to hold a summit meeting to sign a document on co-operation to be signed in the near future at a high-level meeting.

The intention to sign such a document was a totally unexpected development, proving that the Soviets are making headway in their overtures of friendship towards Turkey initiated in the late 'sixties.

However, the prospective accord falls short of the Soviet aim to sign a treaty of non-aggression with Nato-member Turkey. Even so, it marks a high point in the rapprochement following centuries of frigid enmity and 13 ruinous wars.

The accord would not appear to mean that Turkey is on the way to leaving Nato and joining the non-aligned camp, a prospect

dearly sought by the Soviets. Rather, Turkey is claiming its own benefits from détente.

Political observers say that Turkey's desire to become more friendly with the Soviet Union was prompted by its disappointment in its alliance with the U.S.

The congressional ban on arms supplies to Turkey after the Cyprus war — partly lifted last October — eroded Washington's credibility as a partner in a future war here.

Turkey has not rescinded its decision to shut down the American bases on Turkish soil and abrogate its defence treaty with the U.S.

Soviet diplomats here have been dropping hints that Moscow will be displeased if the bases — as is likely — are reactivated.

## Spaniards warned they face 'grave economic difficulties'

BY ROGER MATTHEWS

MADRID, Dec. 29.

SPAIN FACES grave economic difficulties in the immediate future according to the newly appointed Minister of Finance, Sr. Villar Mir. Addressing the right-wing dominated Cortes, the Minister said today that there were solutions available, but these would depend on the willingness of everyone to participate.

The Minister, who until recently headed one of the country's main steel-producing companies, argued that it was not enough for Spain to wait for the rest of the world's western economies. While this would obviously have an important effect on the Spanish

economy there had to be a simultaneous internal effort to correct the present problems.

Deputies to the Cortes, the Minister said that the major part of Spain's problems were generated internally.

"During the past two difficult years we have consumed more than we have produced," he warned. "We have worked less and not more. We have tended to lose control over the relation between prices and salaries, and at a time when other nations are at the way to solving their difficulties we are facing fundamental problems such as inflation, the balance of payments, a standstill in production, the threat of mounting unemployment and recession in investment."

Spaniards had to limit their aspirations over the short term in order to consolidate the gains previously made, especially if the desired goal of full employment was to be achieved. This was particularly relevant in Spain, said the Minister, where the active workforce was an alarmingly low 38 per cent of the total population. As there was substantial under-employment in the agricultural sector, it could be reckoned that only 33 per cent of Spain's population was actively employed.

The Minister's words contrast sharply with growing labour unrest over the legal curbs on wage rises, which limit them to the cost of living increase over the past 12 months plus, in some cases, 3 per cent. Illegal political parties on the left are obviously pushing economic claims to the fore in their struggle for democratic liberties, and it may be that the Government as a whole will be wary of following too austere a programme in the coming year.

In the militant Basque provinces, where over a quarter of Spain's economic strength is concentrated, a group of parties headed by the Communists yesterday formed an alliance to push their demands. An estimated 2,000 people gathered in the town of Guernica, the spiritual home of Basque nationalism, to hear the Basque nationalist leader, who said that the Government had made no move to intervene.

Several important parties have not joined the alliance, stressing the difficulties that the left is still having in its attempts to find a common platform.

## Lisbon radio handover

LISBON, Dec. 29.

THE ANTI-LEFTIST drive in the Portuguese news media gathered strength today with the handing back of the Roman Catholic Radio Renascença to the church hierarchy and the military occupation of a radical provincial newspaper.

One of the main Lisbon daily newspapers, *Seculo*, reappeared today for the first time since the failure of last month's Left-wing uprising, under a new pro-Government editorship.

A statement from the Ministry of Information said the Lisbon studios of Radio Renascença had been officially handed back to the church seven months after they had been taken over by Left-wing workers.

Radio Renascença is the only major station to have been exempted under the Government's recent nationalisation decree. The military leadership ordered the

radio's Lisbon transmitter to be blown up last month in a first attempt to silence its Leftist occupiers.

Radio Renascença has, however, continued broadcasting from its studios in the northern city of Oporto which remained faithful to the hierarchy and took a strongly pro-Government line during last month's military rebellion.

O Seculo today reported that another newspaper which fell to the Leftists in the long battle for the control of the news media during the last 20 months of revolution had been silenced by the military.

The weekly O Setúbalense, under the control of leftist printers, defied a week-long ban on all publications during the state of siege proclaimed after the November 25 uprising.

Reuter

## Italy economy plan 'not sacred'

BY DOMINICK J. COYLE

ROME, Dec. 29.

ITALY'S medium-term economic recovery plan, details of which have now been cleared finally by the Cabinet following months of political wrangling and after discussions with both sides of industry, is not a sacrosanct blueprint, according to Sig. Giulio Andreotti, the Budget Minister.

On the contrary, the Minister has, in effect, invited amendments from both the Socialists

and the Communists, emphasising in a post-Christmas comment that the plan's details are "untouchable" and that its provisions are open to significant alterations.

This gesture of moderation is presumably designed to facilitate parliamentary approval early in the New Year of the plan's main provisions, which are being costed variously at \$26bn. over three years or close to \$40bn. between now and 1980.

The plan covers further massive financial aid for the still greatly depressed southern region (the Mezzogiorno), for industrial reconstruction, mainly in the state sector — and to cope with short-term unemployment and the now even more prevalent underemployment. Details were published finally on Christmas Eve but failed to resolve a great deal of confusion as to the precise capital investment involved.

Equally or indeed even more unclear are the government's plans for funding the recovery programme. The 1976 budget on capital and current account is in deficit to the tune of some \$1bn. and this deficit is rising with each new revision and looks like representing about one tenth of estimated GNP next year, even before any new spending plans are added as part of the medium-term recovery programme.

Italy's balance of payments position has, of course, improved dramatically this year, with January-September provisional returns showing a surplus of \$18bn. compared to a \$8.7bn. deficit in the same nine months of 1974. However, the credit must go mainly to the recession, with a sharp decline in imports and an improvement in earnings on invisible account.

## Yugoslav budget passed

BY OUR OWN CORRESPONDENT

BELGRADE, Dec. 29.

AFTER LONG and strenuous debate, the Yugoslav Parliament last week finally passed two basic documents for 1976: the resolution on economic policy, which is the Government's annual plan, and the federal budget. Both foresee a moderate rate of economic growth.

Gross domestic product is expected to increase by 5.5 per cent in real terms (industrial production 6 per cent, and agricultural 4 per cent), employment by 4.7 per cent, consumption by 8 per cent, inventories and reserves by 1.2 per cent, and

general and common consumption 1 per cent. Inflation should slow down.

The maximum balance of payments deficit tolerated will be \$1bn. Exports of goods and services are planned to increase 6.5 per cent in volume and of goods only 6 per cent. Provided the planned exports are realised, imports will be allowed to rise 2 per cent with a corresponding increase in the foreign trade balance.

There should be more materials imports (up 3.5 per cent) and fewer equipment imports (down 5.5 per cent).

When he proposed a voluntary pay pause lasting at least until the end of 1976, the Premier made it plain that the Premier made it a "disastrous" drop in Ireland's exports as they became progressively less competitive and a corresponding rise in the already serious unemployment situation. With next year's total state deficit in danger of reaching \$1bn. and inflation expected still to be running high at over 15 per cent for the year, even against almost 21 per cent for 1975, the government believes that the cold facts of the economic crisis speak for themselves.

Mr. Cosgrave has been careful not to rule out the possibility of a statutory pay pause as a last resort, although politically it would be a dangerous move.

Apart from the electorate's support of the Labour Party members of his coalition government, but the unions have nevertheless rejected any total wage freeze.

## Cosgrave outlines emergency package

BY GILES MERRITT

DUBLIN, Dec. 29.

THE IRISH Government today outlined the details of an emergency economic package it has put together in bid to gain trade union approval for the voluntary pay pause it called for earlier this month.

At a special meeting with trade union leaders and employers' representatives, Ireland's Premier, Mr. Liam Cosgrave, is understood to have spelled out the government's intention to freeze dividends, rents and directors' fees and "restrain" hire purchase charges, professional fees and bank charges in return for a voluntary nine-month pay pause during the past three quarters of 1976. The measures are intended as an acceptable alternative to the price freeze unions are seeking.

Today's meeting follows the unions' outright rejection of the pay pause just over a fortnight ago and a lengthy cabinet meeting shortly before Christmas at which these latest proposals were hammered out.

All the indications are, however, that today's talks mark

only the first round in a month-long bargaining session. The Government has stressed that agreement is vital before January 23, the date on which Finance Minister Mr. Ritchie Ryan is now due to announce his 1976 budget, and the unions will no doubt use that deadline as a bargaining counter.

Although the government is clearly prepared to make many more concessions to the unions than when the pay pause was first mooted on December 10, and where applicable these concessions have been endorsed by the employers — fresh conflict is now thought to have arisen over union demands for either reduced wage increases geared to the cost of living index or an across-the-board ceiling similar to the \$5-a-week limit in the U.K. Faced with a budget that promises to be the harshest in Ireland for 30 years, and a spate of swinging increases this month in electricity, postal and telephone charges, the unions are apparently determined to bring even limited pay rises from Mr. Cosgrave.

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## Report on closer EEC union ready

By David Curry

BRUSSELS, Dec. 29.

THE REPORT commissioned by the Council of Ministers from the Belgian Prime Minister, Mr. Leo Tindemans, on how to achieve closer union in the Common Market will be sent to the member governments of the EEC to-morrow.

Mr. Tindemans was asked to make the study a year ago. Its object was to provide the Community with some basic ideas around which to organise the debate on how to move forward politically and economically towards greater union. He began his work in the light of the crumbling of the Community's hastily-defined ambition to achieve economic and monetary union by 1980.

Although the Belgian Premier had assiduously contacted important pressure groups in each member country as well as the ruling governments of the Nine, he has been at pains to emphasise that the report will be something of a personal credo. It will not, he has stressed, simply represent the lowest common denominator of the views expressed to him. It is Mr. Tindemans's strongly-held view that the Common Market must make some decisive move forward or risk a complete reversion to nationalistic habits of mind.

As a representative of one of the EEC's small countries and as a Prime Minister of a country which is plagued by the bitter and persistent snubbing between Dutch and French-speaking populations, Mr. Tindemans has seen and felt much mischief in nationalistic attitudes. However, as a politician reared in the Belgian tradition of exhaustive compromise between pressure groups, his report is likely to be a mixture of realistic targets and the avoidance of dogmatism about how to reach them.

This tradition makes it unlikely that he will make sweeping recommendations for institutional changes.

More Turks for Cyprus' charge

By Our Own Correspondent

NICOSIA, Dec. 29.

THE CYPRUS Government charged today that Turkey was stepping up efforts to colonise the northern part of the island with settlers from mainland Turkey. It claimed to have reliable information that Turkey plans to send another 20,000 settlers soon, in addition to the 20,000 reportedly already there.

A spokesman claimed Turkey's aim was to increase the Turkish population from its original 120,000 to 160,000 while peace talks on the island's problem were going on — and before an agreement was reached — in order to change the demographic structure of Cyprus. "Talks between the two communities are expected to be resumed early in the New Year."

Our Athens Correspondent writes that German Chancellor Helmut Schmidt and Greek Premier Konstantinos Karamanlis today underlined the need for a peaceful and permanent settlement of the Cyprus issue but said that any agreement should guarantee the independence, territorial integrity and sovereignty of the Cyprus republic.

A communiqué issued at the end of a two-day official visit by Chancellor Schmidt to Greece said the two leaders agreed that a solution to the Cyprus problem should be sought through the intercommunal talks and expressed the hope that when these talks are resumed under the auspices of the UN Secretary General, both sides will show a sincere desire to reach an equitable agreement.

Herr Schmidt clarified during a Press conference that West Germany had offered to mediate but had offered its good services to both Greece and Turkey to help them solve their disputes. These include the Cyprus issue and territorial disputes in the Aegean.

IN BRIEF

French price rises

The French retail price index rose only 0.5 per cent in November, the best monthly performance this year and one that ensures that the total 1975 increase will be held beneath 10 per cent. The November increase means that for the first 11 months the index has climbed by only 8.5 per cent, meaning that France will have escaped double digit inflation in 1975 after 15.2 per cent last year.

Death clue reward

The Greek Ministry of Public Order yesterday offered Drachmas 5m. (£71,400) for information leading to the arrest of the three gunmen who assassinated CIA agent Richard Welch in Athens last Tuesday.

Sweden shortage

Sweden is not breeding like the used to in 1975. Population figures, calculated by the Central Bureau of Statistics show live births per 1,000 population have steadily declined from 13.8 in 1973 to 12.5 at the end of this year. The lowest birth rate records were started 200 years ago.

## Truck exports overtake overseas car sales

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S commercial vehicle exports, after impressive gains over the year, earned more last month than overseas car sales.

Figures issued yesterday by the Society of Motor Manufacturers and Traders show that Commercial vehicles made \$32.9m. overseas last month, taking the lead marginally over cars, which made \$32.8m.

One month's statistics can be misleading, but the results confirm the importance of commercial vehicles in maintaining Britain's healthy motor industry exporting record this year.

Cars have slipped back in importance — last month the value of car exports declined by 10 per cent, and over the year it has increased by only 14 per cent — but the earnings of van and truck sales overseas have gone up by 71 per cent in the first 11 months. They have now made \$286.8m, against \$441.4m. for car exports over the same period.

The figures suggest that a significant shift of the British motor industry's exporting effort (thereby exceeding the value of car exports by \$12.6m.) and over vehicles, but it is too early to say whether the trend will continue.

British Leyland has been an ambitious car exporting target for the Ryder report proposals, which could improve the figures in this sector next year, and truck exports have been helped this year by the buoyancy in many developing markets, particularly in the Middle East.

Most of the British truck manufacturers have helped to achieve this year's improvement, but by far the best results have come from British Leyland's truck and bus division.

Leyland increased overseas earnings in its financial year to September by 75 per cent, to a total of \$424m, including spare parts.

Britain has continued to spend heavily on car imports. The value of imports rose by 48 per cent to \$454m. last month (thereby exceeding the value of car exports by \$12.6m.) and over vehicles, but it is too early to say whether the trend will continue.

Over the first 11 months, however, the components industry has increased the value of its exports by 33 per cent to just over \$1bn., and the motor industry as a whole is up by 38 per cent at \$2.9bn.

## International committee backs U.K. accountants on inflation

BY MICHAEL LAFFERTY, CITY STAFF

THE International Accounting Standards Committee is expected to publish on January 6 an exposure draft on inflation accounting which lends support to the compromise system proposed by the British accountancy bodies after the IASB's decision to reject the historic cost system.

The IASB, which is based in London, represents the accountancy professions of 30 Western countries and is responsible for the development of common international accounting standards.

The IASB draft (E8: Accounting Treatment of Changing Prices) rejects accounts based on historical costs and gives the option of providing information on a current value basis, as recommended in the Sandilands Report on a general purchasing power (GPP) basis, as proposed by the Financial Accounting Standards Board in the U.S. and, until recently, by the Accounting Standards Committee in the U.K.

Current value accounting measures that fixed assets and inventories are stated in accounts at their current value to the business, generally replacement cost, instead of at historical cost. As a result, the profit and loss

accounts of industrial and most other companies would include higher charges for goods consumed and depreciation, thereby giving reduced profit figures.

GPP accounting, on the other hand, simply involves the conversion of the historic cost accounts by the application of a general purchasing power index similar to the Consumer Price Index.

The IASB, in paragraph 18 of the exposure draft, goes on to consider the possibility of combining elements of current value and GPP accounting. This is in line with the approach adopted by the U.K.'s Consultative Committee of Accountancy Bodies (CCAB).

The British accountants want to see current value accounts supported by a selected index, the extent to which the general purchasing power of shareholders' equity has been maintained in relation to the increase in the value of the specific assets of the business.

Mr. Peter Shore, Trade Secretary, broadly accepted the Sandilands Report in November and asked the CCAB to set up a steering group under the chairmanship of Mr. Douglas Morphet to implement a system of inflation

accounting in the U.K. by December 1977.

Recently, difficulties in completing the membership of the 12-man group forced Mr. Morphet to postpone an announcement until early next week.

The IASB, which was established in 1973, has already issued accounting standards on the disclosure of accounting policies and inventories in the context of the historical cost accounting system.

Exposure drafts — discussion documents issued for public comment prior to the issuance of definitive standards — have also been issued on consolidated accounts, depreciation, and the disclosure of information in financial statements.

The General Assembly of the International Federation of Stock Exchanges decided last year that its members — which include most of the world's important stock exchanges — should include reference to IASB standards in their listing requirements.

The IASB's decision to publish an exposure draft on the most controversial topic facing accountants today — inflation accounting — will be seen as a measure of its growing confidence and authority.

## Pardoe asks for IMF loan details

By John Hunt

A DEMAND that the Government should release details of the rates of interest which it pays on official foreign currency loans has been made by Mr. John Pardoe, the Liberal Party's economic spokesman.

He has complained to the Chancellor that the practice of not disclosing such information dates from 1964.

"This is one of those customs we could well dispense with. There appears to be no conceivable reason why the British Government should not come clean about the interest rates it is paying."

Mr. Pardoe wants Mr. Healey to disclose the rate of interest and any commitment or other financial details of the £276m. loan which was recently advanced to Britain.

He also wants to know all sources from which the current account deficit is being financed together with the rate of interest; and the rates payable by the U.K. on all sources of official foreign currency borrowing plus the comparable rates of interest payable by borrowers from the IMF.

Mr. Pardoe's letter to Mr. Healey says that people in most of the world's financial centres are paying for what the Government is paying for money, but at times "strange rumours" appear giving the impression that the British Government has a bad risk and has to pay substantially higher rates of interest than other countries.

## Britain's State pensions still behind all EEC countries

BY ERIC SHORT

OLD-AGE PENSIONS in the U.K. are still behind those in all other EEC countries, according to figures published yesterday by consultants Noble Lowndes, an earnings can expect a pension of 62 per cent of final earnings.

The only tangible move towards pensions harmonisation within the EEC has been the implementation of a multi-lateral agreement on social security which co-ordinates benefits for migrant workers.

The report — in social security benefit levels and contributions — shows that the pension in the U.K. has made little improvement in real terms since 1972, in spite of having more than doubled in monetary value.

The latest edition of the Noble Lowndes Guide to European Pensions shows that the U.K. State pension paid to a married man retiring on national average earnings represents about 33 per cent of his final earnings.

This puts the U.K. at the bottom in the comparable league table for the EEC countries. Luxembourg heads the list with a pension of 81 per cent of final earnings. Holland stands only marginally higher than the U.K. with 77 per cent, but the pension is completely exempt from income tax.

The report points out that a gradual improvement will take place when the Social Security Pensions Act, 1975, becomes the U.K.

effective in April 1978. But this scheme will not reach maturity until 1998, when a married man retiring on national average earnings can expect a pension of 62 per cent of final earnings.

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## House costs 'will remain stable'

By Michael Cassell, Building Correspondent

HOUSE prices should remain relatively stable well into the middle of next year, according to the Anglia Building Society.

Mr. Peter Wilkinson, chief executive of the Anglia, says in his society's journal that house prices this year have risen by an average of only 8 per cent, which represented a virtually stable market at a time when inflation generally had topped 25 per cent.

Mr. Wilkinson points out that the background to the housing market has not been dissimilar to that in 1972, when prices rose by up to 50 per cent. There was heavy demand for homes, incomes had been rising and a shortage of houses existed.

"The important difference between then and now is in the attitude and confidence of house purchasers. The availability of credit facilities is not a major factor since people will only take advantage of credit to the extent of what they can, or want to, afford."

Mr. R. J. Cook, Anglia's chief surveyor, said that there had been exaggerated talk of increasing house prices this year.

"Compared to the galloping inflation affecting almost every other commodity, the housing market is virtually stable."

"We believe that this price stability will continue into the foreseeable future. House buyers should beware, it is very easy to be rushed by such talk into paying an unduly high price."

With the general lack of confidence, as well as limitations on wages and salaries, the trough in house prices could well last into next summer at least.

The Sex Discrimination Act would have little effect on building societies' lending policies, said Mr. Norman Irving, Building Societies Association secretary general. Member societies had been recommended for a long time to give equal treatment to single men and women.

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Mrs. Margaret Thatcher

Mr. Aristotle Onassis

King Feisal

Lord Ryder

Lord Lucan

Emperor Haile Selassie

General Franco

King Juan Carlos

# 1975

● BRITAIN'S 'YES' TO EEC ● VIETNAM WAR ENDS  
● NORTH SEA OIL FLOWS ● UNEMPLOYMENT RISES  
● EVEREST RECONQUERED ● CHRYSLER RESCUE PLAN

Compiled by Michael Thompson-Noel

## JANUARY

THE YEAR opened briskly, the Government going to the rescue of Burmah Oil. The Bank of England announced a 12-month breathing space for the company and guaranteed its \$650m. foreign currency borrowings.

Some 11,000 NHS consultants began a work to rule, and Arts and business started in the New Year's honours list (life peerages for Sir Derek Pritchard and Mr. Patrick Gibson, the KBE for Charlie Chaplin). British Leyland's shop stewards forecast a total State take-over and the British Steel Corporation put a £6bn. price tag on its ten-year development plan.

BRUSSELS: Sourness at the sugar talks. In Dublin: an end to the Provisional IRA's Ulster ceasefire. Imperial Typewriter said it was quitting Britain, the Government abandoned the Chunnel project and hopes of a rescue for Nation Life Insurance collapsed.

In the Commons, Mr. Healey called Mrs. Thatcher the "Pastorale of Privilege" after her driving attack on the CBI. She said he was "just plain cheap." An unemployed demolition contractor won £600,000 on the football pools and on

January 24 the FT 30-share index rose 10 per cent. plus to 217.0, its biggest-ever one-day gain. Dr. Cogan was enthroned 101st Archbishop of Canterbury, unemployment rose to more than 3 per cent. and the cost of a colour TV licence to £15.

The CBI painted a grim picture of growing cash problems in manufacturing industry and LR Industries was ordered to cut the price of contraceptive sheaths.

ROME: Thieves stole Raphael's "The Mute" and two paintings by Piero della Francesca in Italy's most damaging art theft since the war. Lady Plowden became chairman of the IBA. In the U.S., unemployment moved to 8.2 per cent., the highest since 1941. Mr. Wilson called for global stabilisation of global raw commodity prices and the IRA resumed its cease-fire.

Amid scenes of jubilant euphoria, Mrs. Thatcher won the Tory Party leadership with a runaway victory from a field of contenders which included Messrs. Heath, Whitelaw, Prior, Peyton and Sir Geoffrey Howe. Within 60 minutes, she launched a swift counter-attack on accusations that she had a Right-wing image or that the party would move in that direction. She named Mr. Whitelaw deputy leader.

The Queen's Civil List allowance was raised from £800,000 a year to £1.4m., £150,000 of the increase coming from her own purse. Mr. Wilson signed a £1bn.

## FEBRUARY

credit deal with the Kremlin and Sir Pelham (P. G.) Wodehouse died at 93.

FORD: A fifth of the company's 55,000 workers were put on short time and the U.K.'s unemployment total topped £m. Lloyds Bank said £51.5m. had been set aside to cover losses on foreign exchange dealings in Lugano, had debts and contributions to the pension fund. The Government decided on a 45 per cent. rate for the proposed tax on off-shore oil production.

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## MARCH

In the eight weeks to March 1, the FT 30-share index more than doubled to 301.8. London's worst tube disaster, at Moorgate station, left 41 dead and 90 injured. The crash was the first major Underground accident since 1983.

Royal Insurance declared a £40m. 1974 underwriting loss, the worst in its 130-year history, but ICI announced a £415m. capital spending plan. Concorde was given a tentative go-ahead to fly into New York and Washington. Mrs. Thatcher joined the previously all-male Carlton Club, and Iran threw another life-line to the ailing U.K. motor industry with a £15m. order for 10,000 Chrysler Avengers.

STAFFORDSHIRE: The search for kidnapped Lesley Whittle became a murder hunt when her body was found at the bottom of a shaft. General Spicola, ex-Portuguese Premier, fled to Spain, and National Giro moved into the loan business. Mr. Wilson became a grandfather. Greek shipping magnate Aristotle Onassis died in Paris.

With barely a blush, the Post Office brought in 7p and 5p letter rates, and Mr. Benn widened the basis for nationalisation in the aerospace industry

to include companies with a £7.5m. turnover. The Church of England issued a stern "No" to legalised euthanasia. THE CABINET voted 167 in favour of staying in Europe, but Mr. Wilson was accused by Mr. Ian Mikardo of leading a "motley, multi-coloured" army of pro-Marketters. The Campaign for Real Ale bought its first London pub, Mr. Healey appealed for wage restraint and domestic electricity prices were raised 28.5 per cent.

AN ASSASSINATION: King Feisal of Saudi Arabia was killed by a royal nephew, and succeeded as king by Prince Khalid bin Abdul-Aziz. The U.S. began an airlift of 400,000 refugees from Da Nang, and Mr. Edward du Cane resigned as chairman of merchant bankers Kysner Ullmann

## APRIL

Mr. Alexander Sheplein, the Soviet trade union chief, left London unexpectedly quickly after a stormy U.K. visit, and world chess champion Bobby Fischer lost his title to Russia's Anatoly Karpov by default. President Amin announced plans to swim across the Suez canal. Chiang Kai-shek died, 87.

The Government won a 226-vote majority for its recommendation that Britain stay in Europe, and sacked Mr. Eric Heffer as a Department of Industry Minister for speaking against the Government motion. For 500,000 civil servants there were average pay rises of 5 per cent.

THE BUDGET: Income-tax was raised per cent. to 35 per cent.; beer 2p a pint, whisky 64p a bottle and cigarettes by up to a pack. The VAT on luxuries was raised to 25 per cent. Mr. Healey said a tax burden for financial 75-76 would be £1.25bn. and forecast big public spending cuts. The five-year war in Cambodia ended quietly with the collapse of Lon Penh and the Communists won a big drive on Saigon. The financial Times Ltd. won its second year's Award to Industry, and a rail strike was narrowly averted.

British Leyland's shares were suspended on the Stock Exchange. The next day, the Government said it broadly accepted Sir Don Ryder's rescue plan for the company, involving £1.4bn. in outside capital over the next eight years. Lord Stokes's stormy seven-year reign as Leyland chairman and chief executive ended. Mr. Alex Park was named the new CE.

The remnants of the South Vietnamese Government surrendered to advancing Communist forces and the renaming of Saigon as Ho Chi Minh City marked the final failure of 30 years' U.S. policy in Indochina.

West Ham won the FA Cup, the Queen was welcomed in Tokyo by Emperor Hirohito, and Mr. Heath launched the fourth Morning Cloud. Mr. Leslie Parsons, inventor of an onion peeler was awarded £1m. plus in a breach of contract action.

THE POUND, under pressure all month, sank to a new (May 12) low of £2.2885, and the CBI said the recession would not bottom out until 1976. President Ford launched a full-scale military operation to rescue the merchant ship Mayaguez captured by Cambodian gunboats, and was credited with a major foreign policy triumph.

Official price statistics moved towards an annual rate of increase of 30-35 per cent. and Mr. Jack Jones produced plans for a revised form of wage restraint. Mr. Wilson warned strikers at Chrysler that they would not force the Government to take the company into State ownership. Britain announced £250m. worth of cheap

## MAY

credit for Cuba, and plans for redesigning Piccadilly Circus were finally scrapped. Thirty-two people died in a coach crash in Yorkshire. In New York, Mayor Beame said he planned to cut 67,000 jobs to eliminate the city's crisis deficit.

The 30-share index reached an 18-month (June 2) peak of 358.1 and Grundy won the Derby.

After 25 years' doubt and 14 years' argument, the EEC referendum produced an unambiguous "Yes" for staying in Europe. Voting was 17,38m. to 8,47m., a little over 2:1. The biggest Yes vote was in North Yorkshire (76.3 per cent.). The only areas that voted No: Shetland and the Western Isles.

Peter Cook, a 47-year-old van driver, was charged as the Cambridge rapist and sentenced to life imprisonment. The Post Office said it was facing a £300m. deficit and the Commons started a three-month live radio experiment. Mr. Anthony Wedgwood Benn (Secretary for Industry) and Mr. Eric Varley (Secretary for Energy) switched jobs in a limited Cabinet reshuffle.

OIL: Britain's first offshore oil, from the first two production wells of Hamilton Brothers' Argyl Field, south-east of Aberdeen, began flowing; the Scottish National Party claimed it was the start of a "great drain race" to extract millions' worth of Scottish resources.

INDIA'S Mrs. Indira Gandhi lost her

## JUNE

seat in the lower house of Parliament after being found guilty of corrupt election practices; she retained the premiership. Sir Don Ryder was given a life peerage. Mr. Takeo Miki, the Japanese Prime Minister, was given a punch (at a funeral) and the missing Lord Lucan was named as the murderer of his nanny by an inquest jury.

The June jobsless total, 889,822, was the worst June figure since the last world war, and the Labour Party said it was £264,000 in debt. Britain's James Hunt won the Dutch Grand Prix and Lou Graham the U.S. Open.

The U.S. Supreme Court struck ex-President Nixon from its list of attorneys and former Joss Warrall, 39, ran up and down 72 lakeland mountains in 24 hours. The special advance mortgage ceiling was lifted to £20,000, and the Bowater Corporation launched a £22m. rights issue, taking the year's total for such issues to a record £702m.

The Tories won the Woolwich West by-election on a 7.6 per cent. swing from Labour, and Mrs. Gandhi jailed nearly 700 prominent Opposition leaders after saying there was a plot to oust her.

## JULY

Sterling's continuing slide produced a 10 per cent. limit on the threat of statutory rixing. In response, the 30-share index gave a record one-day point, rising to 315.5 (July 3). Later, the TUC moved towards a voluntary policy for wage restraint and the Government and TUC agreed on a universal 56-a-week limit to an 88,500 cut-off as the first phase of inflation-denial strategy. The £6 cut came into force at midnight on July 31.

PRESIDENT AMIN reprieved British diver Dennis Hills, and Mrs. Gandhi ended 26 political organisations. Billie Jean King and Arthur Ashe won the Wimbledon singles. The Giro made its 50th anniversary. President Ford said he would seek re-election, the Post Office announced 8p and 6p letter rates, and fighting spread in Angola.

FROM WATSON won the British Open if championship, British Leyland shareholders voted 4-1 to accept Government offers for restructuring, and John Stone, the runaway MP, returned to London to face fraud charges. U.S. and Viet astronauts linked up in space and

Russia bought 2m. tons of American grain.

In Lisbon, the fourth coalition Government collapsed. In Armagh, four soldiers died in a Provo bomb explosion. Emerson Fittipaldi won the British Grand Prix. Lloyd's List produced its 50,000th edition and coffee surged to £855 a tonne.

Mr. Healey said he was aiming for £3bn. worth of spending cuts by 1978-79 and BSC said it was losing £5m. a week. Cristina Onassis married Alexander Andreadis, British men were dubbed the worst-dressed in Europe and the taxpayers' Union launched a recruitment drive.

NEWHAM NORTH EAST: The local Labour Party voted to drop Mr. Reg. Prentice, MP, at the next election and London taxi fares were raised 25 per cent. Holidaymakers in Spain endured over-booking and General Gowon was deposed as Nigerian Head of State. Lord Kearton was named as British National Oil Corporation chairman and the Electricity Council lost £258m. Wealth in the U.K.: said a report, was still highly concentrated.

In London, the £ touched a new (August 4) low of £2.1355; the temperature touched 90 degrees. July's car sales were reported at a 16-year low and Leyland's shop stewards accepted a worker-director plan. The Government said it would take stronger action against the health risks of smoking, and set itself a target of reaching 100 planning agreements with key-sector companies over the next five years.

SHOSTAKOVICH died in Moscow at 88 and a Federal grand jury investigation was ordered into the disappearance (and assumed death) of former U.S. Teamsters' president James Hoffa.

Home loans were running at a record level and Lord Iremonger, chairman of Arthur Guinness, said he was going to tax exile. Six Irishmen were jailed for life at the end of the Birmingham pub bombs trial.

HEADLINE: Supporters of the George Davis protest campaign dug up the Test wicket. Australia retained the Ashes. Four months later Davis was refused leave to appeal against a 20-year sentence for armed robbery.

## AUGUST

Figures for July showed the unemployment total at a post-war record of 1.25m., partly because of school-leavers. Ministers announced £3m. in subsidies to cut teenage unemployment.

Israel and Egypt reached agreement on new Sinai separation lines, and Haile Selassie died at 83. The bombers returned to Central London, killing a police bomb squad civilian.

Four yachts set sail for Sydney at the start of the FT's Clipper Race.

In Blackpool, the TUC approved the 55 pay policy and general fears of unemployment. Mr. Healey told the IMF there were no plans to reflate the U.K. economy before the April Budget and the U.S. outlined plans to stimulate Third World growth. The London Eating Houses chain collapsed and British Rail banned soccer specials.

The Sandilands Committee urged basic changes in company accounting and President Giscard d'Estaing announced a £33m. package for France's stagnating economy. An earthquake in Eastern Turkey killed nearly 2,000.

The Conservatives, said Mrs. Thatcher, would de-nationalise North Sea oil if voted into office and Jews, the shark film streaked to a record £124m. in U.S. box office takings. Sir Denis Lawson died at 69. In the Irish Sea, 300-foot water spouts puzzled the experts and in the Rijksmuseum, Rembrandt's "Nightwatch" was slashed with a knife.

The European Commission told France her border tax on Italian wine imports was illegal and Jensen Motors called in a receiver. Leicestershire won the

## SEPTEMBER

county cricket championship for the first time.

RANK: Stormy scenes at an emergency Board meeting of the Rank Organisation. Mr. Graham Dowson resigned as chief executive (with a £150,000 payment) and Sir John Davis, the chairman, hinted at a major company reorganisation.

Fugitive newspaper heiress Patricia Hearst was caught by the FBI and 60 London art dealers called for a boycott of Sotheby's and Christie's new auction rules. The falling gold prices forced South Africa into a 17.5 devaluation and Britain against lost the Ryder Cup. The Provisional IRA said its cease-fire no longer extended to the RUC. President Ford survived a second assassination attempt in six weeks.

The Government said its £205m. scheme to create 100,000 jobs was not a reflation package; calls for import controls began to grow. Britons Douglas Hoston and Doug Scott became the first men to climb Everest's south-west face and after 30 minutes' talk a £5 deal for council workers put £205m. on the rates.

## OCTOBER

n Northern Ireland, Harland and Wolff given a Christmas deadline to achieve big productivity improvement or face sure, and Dutch industrialist Dr. Tiede rrena, head of Limerick's Farenka rry, was abducted by an IRA splinter up. Dr. Herrera was held captive for days. In London, the Spaghetti House 30 ended calmly.

Mr. Ronald Edwards was named new chairman at British Leyland, British clear Fuels spoke of a £400m. investment over the next ten years and President Ford offered tax cuts if U.S. spending was curbed. House prices in Britain, Nationwide, had risen 9 per cent. in 6 months.

ASH CRISIS: Lord Thorneycroft said Tory Party faced a worse cash crisis than Labour and Prince Charles was given command of his own ship. Militancy ead in the Health Service and the U.K. end-quarter standard of living was wa to have dropped a record 3 per cent. Publication of Part I of the Cross- n diaries was authorised. Three ens, identical sisters, married three ore and in the FT Clipper race, Krier it a whale.

SOTHEBY'S: A silver bowl bought for 80p in a jumble sale fetched £9,000. Concorde ran into noise trouble and most of Norton Villiers Triumph's manufacturing activities were put in the hands of a receiver. Mr. Stonehouse, explaining his "bizarre conduct" to the Commons, said he was neither a Czech nor a CIA agent.

MR. JIM SLATER, once the brightest star in the financial firmament, resigned as chairman of Slater Walker Securities, at one time worth over £200m., and was replaced by Mr. Jimmy Goldsmith, chairman of Cavenham. In his resignation statement Mr. Slater spoke of adverse publicity over inquiries into Haw Par Brothers International. Mr. Goldsmith said he planned a three-to-four month scrutiny of Slater Walker.

Princess Anne fell off her horse and Mr. Donald Treford was appointed editor of The Observer in succession to Mr. David Astor.

Mr. Wynne Godley, a former leading Treasury forecaster, said U.K. public spending was out of control and called for cash limits. The Government promised a major shift of economic policies away from public spending towards the nation's industrial structure. Britain said it would seek a £2bn. IMF loan.

The British Army entry in the FT Clipper race, Great Britain II, reached Sydney in a record-breaking 67 days, seven hours, 19 minutes, to win the first leg. In London a CBI survey suggested that the recession had bottomed out. Mrs. Gandhi won her election case appeal in New Delhi. Cardinal Hozman died at 70, and Angola received her independence from Portugal.

SYDNEY: The Governor-General dismissed Gough Whitlam's Labor Party Government. Ulster claimed its 1,000th civilian victim, and Western political leaders held a summit at Rambouillet.

A new cold war flared when an Icelandic gunboat cut the travel wires of the Hull boat St. Giles. The AUEW, Britain's second biggest union, swung to the Right in leadership elections. Statistics showed a definite deceleration in the pace of

## NOVEMBER

wage inflation but a Treasury Minister said Part II of the pay policy would have to be tough.

GENERAL FRANCO, for 36 years Spain's military dictator, died after a month's illness. He was 82. Prince Juan Carlos was sworn in as King and new Head of State.

LOCH NESS: The monster appeared briefly in new colour photographs but sank again under official scepticism.

In Lisbon, a Portuguese Left-wing military uprising crumbled. In London, plans for directly-elected assemblies in Scotland and Wales were proposed. Mr. Ross McWhirter was killed, allegedly by Irish terrorists. Former racing driver Graham Hill died in an air crash.

Heating oil prices were raised 28 per cent. and at Christie's a Picasso self-portrait fetched £283,500. In a new support move for Burmah, the Government offered to buy the bulk of its North Sea oil assets and extended for nine months guarantees for 865,000 in borrowings. Mr. Rees ended detention in Ulster and the Commons rejected the death penalty for terrorists. A six-day siege in Balcombe Street ended bloodlessly.

CHINA signed an £80m. engine deal with Rolls-Royce and the death of Mr. Maurice Edelman, at 64, ended Labour's overall Commons majority of one. Mr. Malcolm Fraser's Liberal Party scored a landslide victory in the Australian general election.

CHRYSLER U.K.: The Government decided that 8,300 out of 25,000 jobs would go and that the maximum State commitment to the company would be £162.5m. The rescue operation was approved by the Commons and TUC but the car unions were opposed to "last-in, first-out" redundancies.

Rolls-Royce said it would have to ask the State for £100m. next year and the

## DECEMBER

Chancellor eased HP controls and introduced temporary textile import restrictions.

WEALTH TAX in the current session of Parliament was ruled out after a Select Committee had failed to produce a majority report, and the BMA called for a pay-bid ballot of hospital consultants. Emergency-only action by consultants and junior doctors evaporated.

Carlos Martinez, alias the Jackal, was identified as the leader of a terrorist group that captured leading Middle Eastern oil ministers from the OPEC offices in Vienna, including Saudi Arabia's Sheikh Yamani.

At year's end, the Cold War was becoming more bitter: the BBC faced a news blackout; the Van Dorp quads, born on Christmas Day, were thriving; the Sex Discrimination Act ushered in an era of chairpersons and au pair-people and the lamented passing of dolly-birds and pogo girls. There were, said Mr. Harold Wilson, some "bleak months ahead."



# LABOUR NEWS

## Foot greets equal pay for women

By Our Labour Staff

THE full statutory implementation of equal pay for women, which came into force yesterday, was greeted as a "proper conclusion to the International Women's Year" by Mr. Michael Foot, Secretary for Employment.

In a special Ministerial broadcast last night, Mr. Foot said: "Today the Equal Pay Act comes into operation and it makes a real advance in the women's struggle to gain equality of treatment in employment with men."

"And it marks the successful outcome of women's campaign against discrimination in their terms of pay—a proper conclusion to International Women's Year."

Mr. Foot paid tribute to the "forefront" of Mrs. Barbara Castle who, as Secretary for Employment and Productivity, introduced the equal pay legislation in 1969. He also said that the fact that women are now equal pay for equal work was the "proof of the nation's will to ensure that women at work get the fair deal they deserve."

## Closed shop brings 200,000 Co-op workers into line

By Our Labour Correspondent

SOME 200,000 Co-operative society workers will become the latest group to be covered by a closed-shop agreement to-morrow when the first national Co-op closed-shop agreement comes into force.

The agreement is basically the reintroduction of the many individual closed-shop agreements made by the vast majority of the 240 societies until they were suspended under the 1971 Industrial Relations Act made them unlawful.

It is believed that as many as 20,000 Co-op workers—most of them recruited since the earlier closed-shop arrangements were suspended—may be outside the registered trade unions. Under the agreement they will be obliged to join the appropriate union—mainly the Union of Shop, Distributive and Allied Workers, although the Transport and General Workers' Union and the United Road Transport Union and the Association of Professional, Executive, Clerical and

## Standard move to Fleet St.

By Our Labour Correspondent

PRODUCTION of the London Evening Standard was moved from the Standard's old Shoe Lane offices to the Daily Express' enlarged Fleet Street building yesterday, even though rival pay rates for certain workers have still to be agreed.

Beaverbrook Newspapers' management is to have discussions with Department of Employment officials next week to see what scope there is for rationalising pay rates.

Both management and unions are convinced there is some scope because some jobs are being changed drastically with some workers going on to a rota system for the first time.

Some 1,400 workers are involved in the move, which is part of the Beaverbrook group's modernisation plans. The total labour force has been reduced from 10,000 to below 7,000 since 1973. This has been achieved without any compulsory redundancy, a policy that Beaverbrook plans to maintain as it sheds a further 200 or so workers, as a direct result of the Standard where, photocopying is introduced in 1977.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## DATA PROCESSING

### Types copy and punches tape

TELEX tape can be produced from a standard IBM golf-ball typewriter with a new system being introduced by Flexidata. The SM400 Telex has been designed and developed at the company's headquarters at Haverhill, Suffolk.

Telexers use an IBM Selectric with standard keyboard and a Telex paper-tape punch to enable Telex tapes to be produced off-line. A single punch can serve three typewriters, an indicator showing when the punch is available.

Organisations with a heavy Telex load, particularly companies needing to be in regular contact with branch offices at home and overseas should find a ready market for the new machine. Banking, commodity houses and organisations involved in import and export business are examples.

Monthly rental of the Telexer works out at approximately 250 including maintenance, for a single system. Flexidata will also convert a user's own Selectric typewriter.

Preparing the paper-tape off-line is quieter and more efficient and because the Telexer automatically produces top copy and the required number of carbons, the message can be checked before transmission to ensure complete accuracy.

The punch can be sited remotely, preferably in the Telex room, with the typewriters placed on secretaries' desks.

## Keeps data in motion

USING patching and switching modules from Cole Electronics, data transmission engineers can rearrange quickly the digital interfaces of on-line data communications systems, thereby reducing down-time on critical links when equipment fails or line faults occur.

The modules are for full duplex CITT/EA RS-232C digital and analogue data channels and provide interfacing hardware at a fraction of the total cost of the communication system.

A new departure, claims the company, is a programmable digital interface switching system with which individual or group switching of up to 16 data channels is achieved on a dedicated or pre-programmed basis.

Typist needs no special training. There are no Telex symbols, the Haverhill 3291.

## Wage councils proposed for retail staff

By Our Labour Staff

MINIMUM wage rates for 1.25m. workers in retail distribution, most of them women, are to be replaced by new wage councils of roughly equal size, under proposals published by Mr. Michael Foot, Secretary for Employment.

The two councils, to be called Retail Trades (Food) and Retail Trades (non-Food), would replace nine existing councils.

The amalgamation was first proposed by the now-defunct Commission on Industrial Relations, reporting in October last year, which called for a single council

## Wage councils proposed for retail staff

as the best way of reducing overlap across trades, giving better publicity to wage orders and thus achieving greater enforcement of those orders.

The CIR report found that one in ten women shopworkers might be earning less than the statutory minimum for retail assistants.

The Minister has decided, after consulting unions and employers, that two councils would be better than one and has asked that any objections be lodged before February 20.

## 'Back to normal' vote by doctors

By Our Labour Staff

MORE THAN 40 junior doctors at Rochdale—one of the strongholds of militancy in the recent dispute over overtime pay—voted yesterday to resume normal working from next Monday, in time with the recommendation of their union leaders.

Junior staff at Rochdale Infirmary and Birch Hill Hospital, both of which have suffered partial closures at times during the dispute, have agreed to suspend their 40-hour "emergencies only" service.

## Head tells inquiry of Tyndale school chaos

THE WILLIAM TYNDALE Junior School was a "mess" when headmaster Terry Ellis took over a public inquiry was told yesterday. Mr. Ellis said the school was poorly equipped and the furniture was dilapidated.

The inquiry is investigating claims by parents, school managers and inspectors that the junior pupils received poor teaching.

Earlier Mr. Ellis said parents played a role in maintaining discipline at the school. But at a public inquiry in 1974, a father complained about the lack of discipline.

Mr. Ellis said that he was ever involved in any kind of argument or fight with another child he should pick up the first thing that came to hand and hit this

child with it," said Mr. Ellis.

"It took me half an hour to persuade this particular parent that if he wanted what he called discipline in the school, he should not give his son instructions like that because what could be picked up might well be a milk bottle, a pair of scissors, a piece of wood or a stone."

Mr. Ellis said the incident was "more characteristic than

## World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 29, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown as bid/offer. Some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Algeria (Dinar)	136.25	Belgium (Franc)	36.36	France (Franc)	6.55
Argentina (Peso)	16.70	Bolivia (Boliviano)	4.46	Germany (DM)	3.36
Australia (Dollar)	1.48	Brazil (Cruzado)	200.48	Greece (Drachma)	340.75
Austria (Schilling)	13.76	Bulgaria (Lev)	1.96	Hong Kong (Dollar)	7.80
Canada (Dollar)	0.72	Cameroon (CFA Franc)	100.48	India (Rupee)	13.25
Chad (CFA Franc)	100.48	Canada (Dollar)	0.72	Indonesia (Rupiah)	1,575.00
Cyprus (Cypriot Pound)	2.25	Chile (Peso)	80.00	Italy (Lira)	2036.27
Dominican Republic (Peso)	20.00	Colombia (Peso)	200.48	Japan (Yen)	360.00
Egypt (Pound)	2.25	Congo (CFA Franc)	100.48	Korea (Won)	100.00
Equatorial Guinea (CFA Franc)	100.48	Cuba (Cuban Peso)	24.00	Malaysia (Ringgit)	1.00
Ethiopia (Birr)	0.05	Czechoslovakia (Czech Koruna)	100.00	Mexico (Peso)	16.67
Finland (Markka)	5.94	Dahomey (CFA Franc)	100.48	Morocco (Dirham)	20.48
France (Franc)	6.55	Dominican Republic (Peso)	20.00	Netherlands (Guilder)	2.20
Germany (DM)	3.36	Ecuador (Dolar)	1.00	Nigeria (Naira)	12.35
Greece (Drachma)	340.75	Egypt (Pound)	2.25	Poland (Zloty)	20.00
Hong Kong (Dollar)	7.80	Ethiopia (Birr)	0.05	Portugal (Escudo)	200.48
India (Rupee)	13.25	Equatorial Guinea (CFA Franc)	100.48	Romania (Leu)	16.67
Indonesia (Rupiah)	1,575.00	Egypt (Pound)	2.25	South Africa (Rand)	1.00
Italy (Lira)	2036.27	Ethiopia (Birr)	0.05	Spain (Peseta)	166.64
Japan (Yen)	360.00	Equatorial Guinea (CFA Franc)	100.48	Sweden (Krona)	4.66
Korea (Won)	100.00	Egypt (Pound)	2.25	Switzerland (Franc)	2.20
Malaysia (Ringgit)	1.00	Ethiopia (Birr)	0.05	Taiwan (Dollar)	1.00
Mexico (Peso)	16.67	Equatorial Guinea (CFA Franc)	100.48	Thailand (Baht)	50.00
Morocco (Dirham)	20.48	Egypt (Pound)	2.25	Turkey (Lira)	1.00
Netherlands (Guilder)	2.20	Ethiopia (Birr)	0.05	Uganda (Shilling)	100.00
Nigeria (Naira)	12.35	Equatorial Guinea (CFA Franc)	100.48	United Kingdom (Pound)	1.00
Poland (Zloty)	20.00	Egypt (Pound)	2.25	United States (Dollar)	0.72
Portugal (Escudo)	200.48	Ethiopia (Birr)	0.05	Yugoslavia (Dinar)	100.00
Romania (Leu)	16.67	Equatorial Guinea (CFA Franc)	100.48	Zambia (Kwacha)	1.00
South Africa (Rand)	1.00	Egypt (Pound)	2.25		
Spain (Peseta)	166.64	Ethiopia (Birr)	0.05		
Sweden (Krona)	4.66	Equatorial Guinea (CFA Franc)	100.48		
Switzerland (Franc)	2.20	Egypt (Pound)	2.25		
Taiwan (Dollar)	1.00	Ethiopia (Birr)	0.05		
Thailand (Baht)	50.00	Equatorial Guinea (CFA Franc)	100.48		
Turkey (Lira)	1.00	Egypt (Pound)	2.25		
Uganda (Shilling)	100.00	Ethiopia (Birr)	0.05		
United Kingdom (Pound)	1.00	Equatorial Guinea (CFA Franc)	100.48		
United States (Dollar)	0.72	Egypt (Pound)	2.25		
Yugoslavia (Dinar)	100.00	Ethiopia (Birr)	0.05		
Zambia (Kwacha)	1.00	Equatorial Guinea (CFA Franc)	100.48		

## Lloyds and Scottish chairman

Mr. Ian W. Macdonald is retiring as chairman of LLOYDS and SCOTTISH at its annual meeting on January 22. He has held this post since the company's formation in 1959 and will remain a non-executive director.

Mr. Macdonald will be succeeded by Mr. George Duncan, a deputy chairman, who has been a member of the Board since July 1973.

## MACHINE TOOLS

### Reaming straightens bent bores

A DIAMOND reaming technique developed by a Burgess Hill, Sussex, hydraulic equipment manufacturer is said to have reduced the operation time at a bore finishing stage by more than 80 per cent.

## PROCESSES

### Clears the desert water

MOBILE, self-contained sweet water purifying and cooling units have been designed and developed by Transfig, in conjunction with the Aero-Kool Department of Crawley (Refrigeration).

## Lapping to very close tolerances

A DIAMOND lapping technique specially developed for use in the manufacture of slip gauges has helped to solve a problem for the computer industry.

## Gold plating solution

A NEW gold-plating solution has been developed by Engelhard Research Laboratories for the high-speed selective electroplating of semi-conductor devices.

## INSTRUMENTS

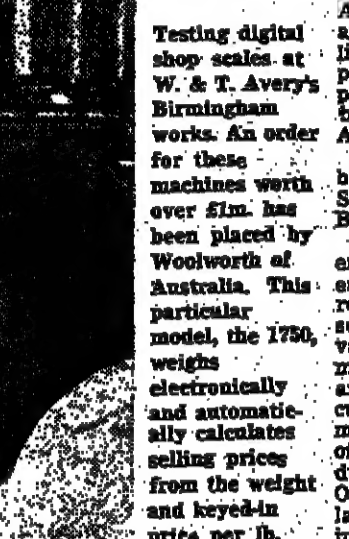
### Can record many ranges

By plugging in applicable optional units such as chopper amplifier or as pre-amplifier the recording ability can be extended to a wider range of both dc and ac signals.

## EXHIBITIONS

### Trade fairs in North America

OVER 270 British companies will be exhibiting in 19 joint ventures at trade fairs in the U.S. and Canada during the first four months of 1976 with the help of the British Overseas Trade Board.



## Helps the specialist publisher

A COMPUTERISED circulation and accounting system for publishers producing specialist and professional low circulation periodicals has been developed by Microinfo, High Street, Alton, Hants GU34 1EF.

## Risks

THE average pension scheme and about half the private pension schemes are at risk of collapse, according to a report by the Institute of Actuaries.

## ENSIONS

THE proposed extension of the flat rate pension to a contract of service is a move which will benefit many employees.

## Trade fairs in North America

Several trade missions to North America, sponsored by the Board, have been arranged to coincide with and support British exhibitors at important trade fairs.

## Atlantic City China and Glass Show in January

Atlantic City China and Glass Show in January—one of the most important events of its kind in the U.S.—and more British companies than ever before will take part in the New York European Fashion Fair in February.

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# The Executive's World

## Art Garcia reports on the recovery of a Hawaiian conglomerate Growth in the Pacific Basin

"I FEEL there probably are a dozen ways to run a company, and probably they're all equally good. Who's to say what's the right way? Management is style," says Mr. Herbert Cornuelle, president of Hawaii's Dillingham Corporation and developer of a management team whose style stresses higher returns on assets employed in each of the sprawling company's four main operating areas.

Caught up in the "bigger is better" unchecked growth syndrome of the past decade, Dillingham completed 30 acquisitions between 1965-70. Since bringing in Mr. Cornuelle as executive vice-president and a member of the executive management committee in 1969 (elevating him to president in 1971), Dillingham has divested itself of a number of those businesses that either didn't fit lines of activity objectives or profit goals. Assets have been shifted from low growth areas to those with higher growth potential.

The results are shown in Dillingham's operations over the past five years. Revenues have grown from 1970's \$552.5m. to last year's \$770.5m. and the net loss five years ago of \$6.5m. equal to 55 cents a share, has been changed to operating profits of \$15.4m, or \$1.07 per share, in 1974. Under Mr. Cornuelle's leadership, Dillingham has sought to put together businesses with what's termed a "sensible degree of interrelationship" in maritime, resource, construction and property in a way that maximises its strong position in the Pacific Basin.



Mr. Herbert Cornuelle

There are no formal five-year growth plans as such at Dillingham. Growth and improved performance "are a product of our plans, a result rather than a goal. We know what our revenue goal is for next year and we're closing in on it now, but that's a result of our plans, rather than a goal in itself," he said during an interview at the company's main U.S. headquarters in San Francisco.

Honolulu-based Dillingham was formed in 1961 through the merger of two family-owned Hawaii companies whose histories go back to 1889. Revenues in 1981 were about \$80m. and the new company was doing most of its business in Hawaii. Following its ambitious acquisitions binge—nearly all of them outside Hawaii—Dillingham's revenues had ballooned to \$515m. The Earnings had grown substantially too, but by then the company was beginning to suffer the indigestion of rapid growth. There were particular difficulties in communication and control, problems not unfamiliar to many of the new conglomerates of the period, and the end result was a heavy loss in 1970. "Fundamental changes in

made responsible for interpretation and implementation of corporate policy at the operating level, decision-making was pushed down to the lowest level at which necessary facts were available and sophisticated risk management programmes were launched.

"Today we have a relatively simple company managed by people of long experience in the markets we serve," assesses Mr. Cornuelle. The company identifies four primary market areas—maritime, resource, construction and property—and more than half of its revenues now come from mainland U.S. operations. Soon after the loss year of 1970, Dillingham established basic guidelines, the first being to create a positive cash flow to reduce debt and fund new investment. That was followed by the objective of higher-paced earnings growth and, thirdly, an improved balance sheet. Mr. Cornuelle is ready with a quick response when asked how the company has performed over the past five years in meeting those goals.

### Investment

"We had positive cash flow in 1972 and 1973. We would also have had positive cash in 1974 but we chose to make a major investment in Pacific Norse Shipping Ltd., a joint venture with a Norwegian company in a bulk shipping business, he says. Operating earnings have shifted from a \$5.5m. loss in 1970 to last year's positive \$15.4m. while net earnings have progressed from a negative \$6.5m. in 1970 to the positive \$19.7m. of 1974. Return on equity, based on operating earnings, went from minus 3.2 per cent. to 8.8 per cent., while the return based on net earnings increased from minus 3.9 per cent. to plus 11.3 per cent. "During this period, stockholders' equity rose from \$163m. to \$189m. and the debt/equity ratio went from 1.30 to 1.21," he beams, noting that if real estate were separated from the rest of the company's activities, the ratio would be .67.

Dillingham's 1976-80 plans emphasise market orientation while anticipating change and the direction of change. The company also will concentrate on management and organisational development to provide the people to manage the change ahead. "We must continue to

emphasise predictability," stresses Mr. Cornuelle, "and a company under control, yet maintain the flexibility that a portfolio approach to our business provides. We are committed to change and are organised for it within markets that we know and understand—predictable but flexible."

One Wall Street analyst five years ago described Dillingham as a "company in transition," a tag Mr. Cornuelle thinks should stick to-day. "In the terms I see it, the company will always be in transition because I believe uncertainty and change are the name of the game, more now than ever before," he says. "This is what we talk about internally more than anything else—recognising change, anticipating and being flexible—so I guess we're always going to be on this roller coaster of assets kind of kick, looking at the marginal investment and being willing to divest ourselves of it."

"We say to ourselves that's a way of life for us," he continues, "so I guess we'll always be a company in transition. But the basics, the businesses we're in, are there, the geographic commitment is there and the commitment to earnings and growth, rather than up and down growth, is there. We'd rather be predictable and steady. If we can, than to have a more erratic kind of record."

### Advantages

Mr. Cornuelle calls Dillingham a "diverse company" but insists he doesn't shun the multinational or conglomerate labels. "Certainly we are not a conglomerate in the more orthodox sense of the word, but I don't mind he word," he says. "I think the advantages of being diverse are great, but so are the problems of getting far ahead from what you can manage. We have to be careful about that, so what we say to ourselves is, can we manage it? That's the key question and about the first one we ask. That worries me more than anything else. If you don't know the right questions or have an unfamiliarity with the blank sheet of paper kind of problems," he goes on, "then you ought to stay out of it. That's very basic to the way Dillingham now looks at things."

## Underselling the U.K.

BY BOB CREW

IT IS said that, for too long, Britain has put itself down, underrated the role of salesmen, undervalued its salesmen and rendered "selling" a dirty word, writing it off as a vulgar or distasteful business best left to those brash Americans, disciplined Germans and ubiquitous Japanese. The British, supposedly, have been traditionally above selling.

In America a high percentage of company presidents and vice-presidents are ex-salesmen but, in Britain, the majority who reach the boardroom are ex-accountants, lawyers, economists, production engineers and financiers. Similarly, while in other countries university and college graduates are attracted to a sales career, very few British graduates enter the sales field, and many of those who do are there by force of circumstance rather than choice.

Commenting on the failure of many British companies to orientate their salesmen to customer needs, Dr. Mark Fussell, who runs his own sales training organisation, says: "Most salesmen are not selling at all. They are passive interviewers merely taking orders. Most of Britain's so-called professional salesmen have never known, will never know and do not want to know the professional salesman's real role, job-requirements and work methods. Still more unfortunate is a feeling in British society that a salesman's services are largely unnecessary and that he is at best, a parasite."

Can it be true that the British have such attitudes to selling and salesmen? Well, a recent report by the TACK Organisation—entitled "Salesmen's Pay and Expenses"—certainly confirms that British companies don't value their salesmen very highly; in many cases no higher than shorthand typists!

Six hundred and seventy-seven companies employing 33,000 salesmen were surveyed, of whom only 44 paid their salesmen more than \$8,000 per annum. On average, non-commissioned salesmen were found to be earning approximately £2,000 per annum—only slightly more, or in many cases the same as, a senior secretary. Salesmen who were not paid by salary only—whose incomes were made up of salary plus commission,

bonuses, etc.—were, on average, not much better off, earning approximately £4,000 per annum at the top end of the scale and as little as £1,500 per annum at the bottom end, which was rather less than a junior shorthand typist or typist.

Few salesmen were enjoying a five-figure income and the top earner—an industrial salesman—was found to be on an income of £13,400 per annum. Knowing, as we do, the kind of aggression, effort and sacrifice required of top salesmen in demanding and tough markets, we might very well be forgiven for thinking that such a wage slave is underpaid and could find easier ways of earning a living. Also, we might better understand why the British, and their university graduates, are not much attracted to a sales career.

Of course, in addition to salaries, there were the perks, which included company cars, and expense-accounts. But even the expense-accounts were found to be modest. One-quarter of the salesmen surveyed received no expenses whatsoever, while the quarters had increased hardly at all since 1973 and were therefore left standing by inflation. But a company car—for the purpose of company travel by which much unpaid overtime is incurred—is first and foremost not done. The extent to which it really is a perk, in one's limited spare time, is entirely debatable. But, since one's competitors are unlikely to be beaten in the race for new markets by bicycle, corporation bus or even train, it is indisputably a necessity. Similarly, since expenses are confined, for the most part, to business, it is arguable that they are not strictly speaking, a perk.

Salesmen surveyed were in capital equipment, consumer durables and goods, repeat industrial business, banking, insurance and printing services. The worst off were those in repeat-consumer goods. Most salesmen's cars were Ford's—six out of ten companies were using them—and foreign company cars in use were less than 2 per cent. With only the few earning average earnings for salesmen so low, it would be surprising indeed to find Britain's top salesmen, or most able, going into

sales. On the contrary it is perfectly arguable that only the mediocre or desperate could be induced to work so hard for so little, to be coned by the unrealistic expectation—the dream—of a five-figure income which, clearly, very few are ever going to see. In fact, with so few exceeding £8,000 p.a., one wonders what, other than the dream, sustains most salesmen in their at-times thankless, not to say soul-destroying, jobs.

According to Mr. Alfred Tack, Managing Director of the TACK Organisation which did the survey, "Salesmen do not look upon their work as soul-destroying. They really love their work. In the same way that actors can never really leave the theatre, even if they are weeks on National Assistance, so salesmen can never visualise doing any other kind of work than selling. The majority are very dedicated men and would not change their jobs even if they could earn more money. They like the daily challenge, they enjoy meeting their clients or customers and they enjoy a certain amount of freedom in planning their daily work."

It is clear from the Tack survey that Britain's salesmen are getting precious little carrot (though, doubtless, plenty of stick). How, then, with a sales force so poorly rewarded and therefore motivated—before and after tax—and, in the view of Dr. Fussell, so unprofessional, is Britain going to sell itself out of its present troubles and, complete in to-morrow's world, to avoid becoming an economic backwater? With a society traditionally disinclined to sell and its salesmen so undervalued, how are we going to prevent Britain selling itself and its salesmen down the drain? Dr. Fussell thinks that Britain needs more professionalism, while

Alfred Tack says that what is wanted is "marketing drive from the top, because marketing means providing the goods people need—not the goods manufacturers happen to be able to manufacture without a great deal of trouble." However, what is urgently needed now is better salaries before the few decent salesmen that we do have dwindle away with their dwindling incomes and expense-accounts, leaving the cupboard bare either for more professional or new marketing drives in to-morrow's world!

### Risks

Over the past five years, the company also has worked to control the level of risks it accepted in its four business areas and to stress development of its faster growing maritime and resource groups. The latter is dependability in the growth of earnings, and so far all the policies appear to be working, with some financial analysts forecasting record profits for this year. But, Mr. Cornuelle is quick to point out, "size is not a goal for us. We want to be a more predictable company."

### Competing

"Asset redeployment became a way of life at Dillingham, with each operating division competing for the corporation's resources. Mr. Cornuelle explains. A centralised cash management system was devised for all domestic division and subsidiaries. "We know where we stood on any previous day by 2 p.m. of the next," he says. Group vice-presidents were

### PENSIONS

## The pattern for the future

BY ERIC SHORT

THE average employee is asked about his company's pension scheme and his rights under it, the probable answer is one of relative ignorance. His state of affairs is partly because individuals have never shown much enthusiasm on the subject of pensions and partly because employers have not tied very hard to even communicate with employees over company pension schemes. Too often, the approach by employers has been one of fatalism.

This general attitude is likely to undergo a radical change over the next two years. A few weeks ago, the first of the regulations under the Social Security Pensions Act 1975 was laid before Parliament. This imposes a legal obligation on employers to effectively talk over with employees and their independent trade union representatives their intentions regarding staff pension arrangements.

The proposed scheme provides for a two-tiered pension structure—an earnings-related part added to the present flat rate pension. Employers have to decide whether or not to contract their employees out of this earnings-related tier and provide this part of the pension means of an occupational scheme which fulfils certain minimum conditions as laid down by the Act and subsequent regulations.

The provisions of the Act will warn employers that nothing like this was on its way. The regulations require employers to explain the effect of their decision on both the benefits provided and the contributions to be paid under both tier and occupational schemes. This is the only information that the employer has legally provided the employees and usually it is designed to enable the latter to judge how contracting-out decision affects them personally. But regulations also state that employers have a duty to consult at least three months prior to giving for a contracting-out decision.

After that it is up to the union negotiators to make the best use of the meetings to state their case, bargain for their members and influence the employers as best they can on the whole pensions question.

The interpretation of these regulations could lead to considerable confusion for both employers and union officials. The employer could simply regard it as a legal requirement to communicate his decision to the employees; and the wording of the regulations implies that he has already reached his decision and is simply telling them what he intends to do.

The unions on the other hand could well regard these regulations as bringing the employer to the negotiating table and discuss the whole pensions strategy and the level of benefits to be provided, in fact that the whole pensions package is up for bargaining. The remarks made by Mrs. Barbara Castle, Secretary of State for Social Services would imply the latter interpretation, since she said that the Government's decision underlines the importance that it attaches to putting pensions alongside pay on the negotiating table.

In a move to assist management with its responsibility to state its case the British Institute of Management and the Institute of Public Relations have organised a one-day conference to be held on January 22 next at the London Hilton Park Lane. The theme of the conference is "The Responsible Company—Business and Public Opinion" and it is aimed at chairmen and directors and others concerned with promoting better understanding and co-operation between a company and all who come into contact with it.

These problems of interpretation are likely to be compounded, since the regulations state that the Occupational Pension Board has to be satisfied that the procedures laid down have been followed before it can issue a contracting-out certificate.

The Department of Health and Social Security has emphasised that the OPB will only be concerned that consultations have taken place. It will not act as a Solomon in the event of the unions disagreeing with the employer's proposed decision. Unions will have no legal recourse, although industrial action will always be a weapon.

The DHSS is in the process of issuing guidelines for employers regarding these regulations, while the OPB proposes to issue a memorandum on the whole contracting-out procedure including the consultation process. Employers and unions should await this issue of these documents before doing anything meaningful. Not that many employers are in a position to make any firm decisions on contracting-out yet unless they intend to decide irrespec-

tive of financial and other implications.

No pension consultant will be able to make any meaningful financial calculations until the other regulations have been published especially those relating to the premium tables for buying back into the state scheme. This gives Mrs. Castle's continual exhortations for employers and unions to start consultations immediately a slightly hollow ring. All they can really talk about at this stage is the layout of the explanatory booklet.

Finally the regulations, like many legal proposals, leaves a large gap in the negotiation procedures. Employers with no present occupational scheme who intend to put their employees into the state scheme have no legal obligation to consult employees or unions at all. The regulations have been aimed at employers with schemes already in operation or where a pension scheme is proposed. Employers who are in this position should take steps to consult with their employees even if it is only to put them in the picture. For consultation on pension matters is going to be the pattern in future.

## Management and the public

THE INCREASING stress now being applied on establishing better communication and dialogue between management and workers and a company and the public is in turn creating pressure on managements to improve their public relations capability.

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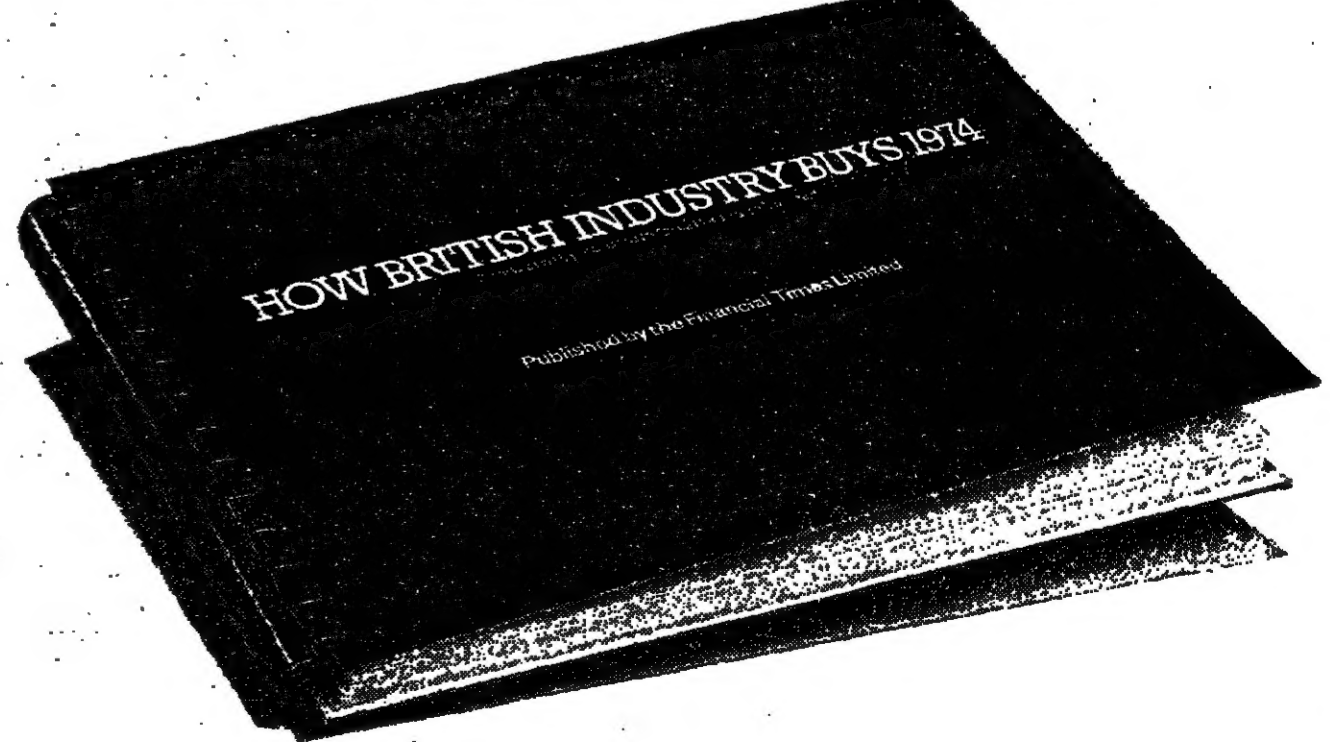
The conference will be held at the Mermaid Hotel, Jersey, with reservations with the MRG being required prior to January 26.

Among the speakers will be Sir Anthony Puri, Secretary, Department of Industry, whose theme will be Management and Legislation; Mr. David Bissett, general secretary, General and Municipal Workers Union, on Industrial Relations—the Way Ahead; Andrew Greenfield, managing director, Elizabeth Arden, on Women in Management; and Mr. R. R. Paterson, vice-president, Ideal Standard (Europe), on Management in Europe.

### Discussion

Elsewhere in the BIM's conference programme, Management Research Groups (part of the BIM) is holding in May a

## KNOW WHO GUESS WHO



The Financial Times has been investigating the buying procedures of British Industry. Studying the composition of decision-making units in industrial purchasing situations. And assessing the roles and influence of various individuals and groups at different stages in the buying process. Now we have made the data available in the 195-page "How British Industry Buys, 1974". Presented in tabular form, with interpretive

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TUESDAY, DECEMBER 30, 1975

## Equality for the few

THE NEW era which was ushered in yesterday is one which many women may come to regret, for the Equal Pay and Sex Discrimination Acts threaten to demonstrate two of the oldest truths in public affairs: that simple generalisations are misleading, and that hard cases make bad law. A few famous victories will be won and proclaimed: women will eat their roast beef down stairs at Simpsons in the Strand, some well-qualified woman somewhere will bring a case against an employer and get a job from which she was debarred by prejudice, some women in some occupations will get more pay. Most women, as the price of these triumphs, will find that inflation is a little worse, it is harder to get a job or bring up a family.

## More dangerous

Legislation against deep-rooted prejudice is for the most part a harmless enough exercise, and can be effective at the margin. The laws against racial discrimination, for example, have prevented some of the more blatant examples, and inhibited the preaching of racialist doctrines. They have not, as some critics feared, inflamed racial prejudice.

The two Acts concerning women are more dangerous, however; for the equal pay legislation in combination with the law against discrimination will provide some employers with a positive economic motive for being more discriminatory than they were before.

It is hard to say how widespread this effect will be, because the argument has itself been conducted in a fog of prejudice on both sides. Some feminists seem prepared both to argue that women are grossly exploited, and that the areas in which women do the same work for less pay than men are so restricted that no economic objection to the new laws deserves a hearing. The truth up to date is probably that there are few jobs in which women have been undercutting men in the labour market: the traditional "women's occupations" have become so clearly defined by custom that no comparability

is possible, while in genuinely mixed areas — journalism and teaching, for example — equal pay is already the rule. However, the anti-discrimination law is designed to widen the area of potential conflict by encouraging women to apply for jobs for which they would not have applied before this week.

In any conflict which results, any economic victory is likely to result in a loss of opportunity. The question here is not whether employers are objectively justified in feeling that women are weaker than men, more subject to ill-health, or likely, because of loss to marriage, to provide a poor return for an investment in training. The fact is that these beliefs are widespread, no law can eradicate them, and no Commission can vet the hundreds of thousands of job appointments made every month to determine whether a man was preferred for a job fairly or unfairly. Women are likely to find themselves shut out from jobs which they might have obtained before it became a legal matter.

## Tunnel vision

It is here that the tunnel vision of the whole campaign appears: for the liberators have shown no concern for the great majority of working women — those who work unlimited hours as housekeepers and child-minders in their own homes, for no pay at all. The more effective the equal pay legislation, the less will their husbands, as breadwinners, be able to compensate them. The old ways corresponded better to the needs of the nuclear family — a unit which some liberators despise, but which remains the norm, and is highly valued not only by traditionalists, but by most sociologists. A whole new campaign for redistributive taxation may follow in due course, but not before the ill effects have become marked enough to create a movement for housewives' liberation. A more likely prospect, to be sure, is that the whole fuss will have previous little effect and this is probably the best outcome.

## Russia, Turkey and Nato

MR. KOSYGIN'S success in securing Turkish agreement to sign a document on Friendly Relations and Co-operation demonstrates the disarray on the south-eastern flank of Nato: it does not women it. As our Ankara Correspondent reports, the communiqué issued at the end of the Soviet Prime Minister's visit to Ankara marks a high spot in Turkey's endeavours to improve her historically bad relations with Russia. But nevertheless fears of Russia remain an important element in Turkish thinking, and in spite of Soviet help, for instance with the building of a steel works, the Turks know where their real interests lie. Besides being a part of the worldwide process of détente, the Turkish reaction towards Russia is also a broad hint to the Americans to do something to improve their relations with their allies in Ankara.

## Early warning

Fortunately there is a more cheerful side to the picture. The Greeks have indicated their readiness to leave intact Nato early warning installations on their soil; the Turks, provided Washington meets their admittedly stiff financial and other terms, are ready to conclude a new defence treaty with the U.S. But it does look a bit as though the West German Chancellor, Herr Helmut Schmidt, ventured on to dangerous ground when he offered his good offices to help Athens and Ankara find a solution. West German wealth and influence in the EEC will ensure that Herr Schmidt is listened to in both capitals. He is in any case unlikely to proceed unless encouraged by both Greeks and Turks. But he cannot mend the hole in Nato's flank unless the U.S. arrives at a consistent policy towards the area and one that is acceptable in Greece and Turkey, both of which are in the grip of considerable nationalist dissatisfaction with Washington.

Redundancies among suppliers of Post Office telecommunications equipment, and the cutback in P.O. ordering, have overshadowed developments in another sector of the telecommunications business where U.K. companies face problems. Christopher Lorenz reports on the PABX market

## Private lines to sales success

THIS AUTUMN'S controversy over swingeing Post Office order cuts — and over the consequential redundancies among its equipment suppliers — has obscured an issue which will have a major impact on Britain's future strength in world telecommunications and on the quality of service available to the business telephone user in the late 'seventies and 'eighties.

The P.O.'s main suppliers — GEC, Plessey, Pye TMC, Thorn, Ericsson, and, through several subsidiaries including Standard Telephones and Cables (STC), ITT — depend for their civil business on three main market sectors. The first two are the P.O. itself, or "public sector," and exports of public exchange and transmission equipment. The third comprises "private" customers — mainly in commerce, industry and government. Those in Britain account for nearly 20 per cent of the industry's U.K. output of over £420m.

The technology of the prime "switching" (telephone exchange) segment of the "private" market is faster-moving — and will soon contain more electronics — than that of public-sector exchanges. On top of this the private automatic branch exchange (PABX) market promises to grow much faster than the P.O.'s offtake over the next 25 years, partly because of the trend towards office automation. And this in turn is attracting competitors from previously separate industries — pre-eminently, from data processing, IBM.

## National barriers

Three factors make the PABX market more important than is suggested by its size — U.K. sales of exchanges with over 100 lines were worth £25m. last year. First, national purchasing barriers apply less than in the much larger public sector, so that there is a significant export potential. Secondly, many of the technologies which will be needed in massive volume for public market exchanges in the 1980s

and 1990s are already being applied to PABXs. And thirdly, for the two wholly British-owned manufacturers, GEC and Plessey, whose once high market share has slipped significantly, such a traditional area of strength would make it all the more difficult to capitalise on the burgeoning — and allied — markets for inter-office communications of all types. Thus, the market should not only be a lucrative one but is also a necessary basis for success in other fields.

Until five years ago, GEC — through its Reliance subsidiary — and Plessey together held over two-thirds of the market (if one includes the share of Telephone Rentals, which has traditionally marketed Plessey products). Last year, the three are estimated jointly to have held a paltry quarter. The decline partly stems from the recent success of a computer-controlled IBM exchange, but it was set in train earlier by two other companies, Sweden's L. M. Ericsson (now in a U.K. manufacturing partnership with Thorn Electrical) and ITT Business Systems (which is also increasing its U.K. production of PABXs).

Over the next six months GEC and Plessey — as well as the Post Office — face a series of awkward decisions. The only chance the two companies have of going back into the lead is to use new equipment designs incorporating computer control as well as electronic switches. But this would definitely mean buying know-how from abroad (probably North America) if there was to be any prospect of meeting the necessary timescale and of rebuilding a strong export business. At the same time, the Post Office is having enough difficulty handling and maintaining all the 20-plus designs and variations already on the market or submitted for its approval, and it would like some of the suppliers to offer common electronic designs.

Thus, for GEC and Plessey, the key question is whether the two should overcome their differences and co-operate, or each link with a strong overseas partner. For the P.O., it is

whether the Corporation should do what is unthinkable to many of its staff and most union officials — how to customer pressure and allow a partial breach of its monopoly by letting suppliers maintain their own equipment. Would this liberalised situation benefit, or harm, the majority of customers?

Apart from dictating whether the two companies can stage a lasting recovery, these questions underline the widespread uncertainty about how the P.O. will cope with the age of electronics and computer control. The new era will bring much shorter product design lives than the P.O. has been used to, and if the business subscriber in Britain is not to suffer inadequate choice and/or inferior facilities compared with his North American and European counterparts, the P.O. will have to take decisions more rapidly and flexibly than in the past.

## Maintaining a monopoly

The PABX market has traditionally been split into two parts: those with under 100 extensions being assembled by the P.O. to a few very basic designs and then rented direct to the customer; and the larger ones being sold direct to the customer by the manufacturers, though the P.O. has always maintained strict authority to approve designs before they are marketed in quantity as well as maintaining the monopoly over the maintenance of all sizes of exchanges (basically on the PABX manufacture. Its Reliance subsidiary has concentrated more on Strowger

## PRIVATE EXCHANGE MARKET SHARES\*

	1966	1967	1970	1971	1972	1973	1974	1975
	22	23	15	18	19	15	11	8
Plessey Telephone Rental (mainly Plessey)	29	29	23	25	17	12	8	5
ITT/STC	24	28	13	21	22	23	30	37
Reliance (GEC)	25	20	15	14	14	11	7	7
Ericsson/Thorn-Ericsson	—	—	35	21	14	19	23	23
PYE TMC	—	—	—	—	3	4	4	3
IBM	—	—	—	—	11	15	17	17

\*Market for 100 line-plus exchanges (new installations)  
Source: Industry Estimates

said to be part of the public network.

Before 1969, exchanges with over 100 lines were of the traditional Strowger (step-by-step) type. The old non-competitive "ring" of manufacturers (GEC, Plessey and STC) made designs which were often not only approved but also laid down by the P.O. In 1969, however, the "ring" began to be dismantled and the P.O. became a public corporation.

Although the old P.O. management had discouraged the ring from developing more advanced, but still electro-mechanical PABXs of "crossbar" technology, the new organisation demonstrated its "commercial" approach by allowing the Swedish company into the market. The table of market shares tells the story of how Ericsson achieved its success even more rapidly than IBM has more recently. Lower maintenance costs, faster in-house communications, extra facilities — all these advantages of crossbar over Strowger played a part, as did fashion.

Of the established suppliers, the ITT organisation was the quickest to respond with its own crossbar designs, which were initially imported from ITT companies on the Continent. The steady fall in the Plessey/Telephone Rentals share of the market resulted, initially from the lack of competitive designs, and later, from the many teething troubles experienced by the manufacturer. Perhaps wisely as far as profits — though no market share — were concerned, GEC decided to keep out of crossbar PABX manufacture. Its Reliance subsidiary has concentrated more on Strowger

equipment than Plessey.

This year, GEC has received full P.O. approval to market a completely different design called "REX" using reed switches. Plessey wants to flank its crossbar challenge to Thorn-Ericsson and ITT with a large reed-based system, but it will be several months, at least, until its secure full P.O. approval.

On top of the competition from Thorn-Ericsson and STC, GEC and Plessey, in particular, have suffered from IBM's flagging incursion into voice communications, the much-publicised 3750 computer-controlled exchange. The pros and cons of computer or stored-programme control (SPC) of telephone exchanges are much disputed in the telecommunications world, but the market share — some estimates are as high as 40 per cent — IBM has taken this year suggests that many customers are convinced.

Whatever the technical advantages of SPC exchanges — on such points as the need for less floor space, and the ability to alter extension numbers without calling in the P.O. for re-wiring — IBM's success unquestionably comes in some measure from its high level marketing approach.

## Expensive gimmick

A year after a major competitor described the 3750 as "an expensive gimmick," everyone is jumping on the bandwagon, and presenting the P.O. with proposals for a wide range of SPC exchanges using various degrees of electronic switching. The names of the offerings from Pye, ITT and Thorn-Ericsson are known, as are some details, but neither GEC nor Plessey has yet revealed its hand.

One major complication is that the Post Office has declared a "pause" in its approval of new systems: with about half the 20 current designs still not fully approved — only IBM's is computer-controlled — it considers that both it and the suppliers need more time before getting to grips with a range of SPC systems. There is little

evidence that the pause has delayed approval for a system competitive with IBM, but the P.O. is well aware that a lengthy prolongation could do irreparable damage in the marketplace to the traditional suppliers. Whether it will be prepared to curtail the length of the approvals process for whatever GEC and Plessey offer remains to be seen, but their survival in this business could depend on it.

## Problem area

One problem area in the electronic age could be the P.O.'s ability to maintain a wide range of systems. Part of the answer could be to change the pattern of maintenance from on-site to off-site, with printed circuit boards repaired in specialised engineers at regional P.O. centres, or even by the suppliers themselves. But the P.O. will still not want to allow a recurrence of the "crossbar indignation" caused by a rush to alter extension numbers without calling in the P.O. for re-wiring — IBM's success unquestionably comes in some measure from its high level marketing approach.

This is what lies behind the P.O.'s pressure for co-operation between the manufacturers. One suggestion is that they license competitive designs, so that each can have a full range to offer to the market without having to dissipate resources or making everything itself; the GEC-Plessey arrangement with crossbar provides something of a precedent, though it has not achieved much market success.

If the whole question cannot be settled in the next few months, GEC and Plessey could again be the losers from the ensuing market upheaval. With ITT and Thorn-Ericsson building up their British PABX output, it would be chauvinistic to insist that there is a definite national interest in both GEC and Plessey remaining in the sector of the telecommunications business. But it would be unfortunate, to say the least, to see Britain's stake in the world's major growth industries declining still further than it has in the past five years.

## MEN AND MATTERS

## The ladies leading the way

Predictably, the Sex Discrimination Act is causing more than a little chaos as it comes into force. In the City women attempted to storm two bastions of male chauvinism — El Vino's the well-known Fleet Street wine bar and the London Wall branch of Coates Wine Bar which does not allow women to dine in its downstairs restaurant. In Edinburgh the Royal Bank of Scotland is in a bit of a tizzy about how to deal with its Princes Street branch which it opened 11 years ago for female customers only.

Lady journalists (journalist persons?) tried some time ago to breach the 95-year-old tradition of El Vino's that women could only be served sitting down and not at the bar, but were comprehensively routed. Yesterday, armed with the new Act and led by journalist Maggie Brittain, they tried again. Ms. Brittain, who is chairman of the National Union of Journalists' equality working party was quietly refused service unless she sat down, and subsequently left with her companions threatening legal action.

At Coates the situation was rather different. There, the ladies descended to the restaurant, sat down among the scandalised males, and demanded service. An apologetic manager claimed that under the licensing laws he was not able to serve ladies, seated in a licensed restaurant, when there was no ladies lavatory on the premises. The ladies retired gracefully.

The Royal Bank of Scotland



"It's nice not having to feel guilty any more."

situation (and my cartoon) indicate that there are two sides to the Act. The Princes Street branch has so far been run exclusively by women and until recently solely for women. Gentlemen callers, according to a bank spokesman were asked "diplomatically and politely to go through the wall to our adjacent branch" — where "normal" banking facilities were available. Now, however the bank has decided to take the safe course and accounts will be accepted from both sexes.

Returning to the El Vino's situation, if Ms. Brittain and her friends decided to take legal action it will be an interesting test case. Christopher Mitchell, owner of the wine bar, claimed yesterday that the rule insisting that women should drink only sitting down was introduced "for purely chivalrous reasons."

It will be for the courts to decide whether the Act means that chivalry is finally dead, but even so there are a couple of other potential let-outs. Paragraph 35(1)(c)(i) allows the exclusion of women if "the facilities or services are such, or those persons are such, that male users are likely to suffer serious embarrassment at the presence of a woman or (ii) the facilities or services are such that a user is likely to be in a state of undress and a male user might reasonably object to the presence of a female user." Well — it is up to you.

## Tiring?

A gang of labourers arrived at a building site only to discover that they hadn't brought their tools with them in the lorry. The foreman put a frantic call through to the head office of the building firm concerned to explain the situation. "Never mind," said the boss, "we'll send the picks and shovels down and meanwhile tell the lads to lean on each other."

## 600 pubs to go!

Charles Elliott is a man who retires to-morrow at the age of 60 in the happy condition of having a burning ambition still unfulfilled. For 25 years, while soothing public disquiet as a public relations officer for the Gas Council (latterly the British Gas Corporation) he has been collecting the pubs of London. By the time he retires he will have, he reckons, taken a drink in 4,245 pubs in the London postal district quite apart from a few thousand

others outside and not recorded for the purposes of his quest. Although no one else has stayed the course to compete with him it is calculated he still has to visit some 600 more London licensed public houses if he is to become the first man to drink in every London pub. He promises to try hard in retirement to complete his quest.

While Elliott's contribution to the charting and evaluation of London's licensed premises must be regarded as unique within his time, he has other qualities which industry and Fleet Street will fondly remember. He is a stout Quaker — a Quaker who does take alcohol. As far back as 1940 he joined the Friends' Ambulance Unit. As a spokesman for gas he has been a master of the understatement, managing to lead the Press in the appropriate direction when they have inquired about his industry. Finally he has been a sportsman since he played football in Newcastle upon Tyne in 1921. He was on the organising committee for the 1948 Olympic Games and has kept detailed records of his attendance at more than 2,500 sporting events. Recently he completed a 25-mile walk in aid of Thames Valley Harriers, but unfortunately the necessity to collect pubs along the way interfered with his timing for that event.

## Stock taking

You may not believe this, but a bank president in Iowa has been promoting business among his farming clientele by giving gifts such as top class cattle breeding stock. Questioned about this by an American journalist he explained, "We carry them on the books as bulls receivable."

Observer

## LA REDOUTE, ROUBAIX

Leading French Mail-Order Sales Company

In his December 1975 letter to shareholders, Mr. Henri POLLET, President, recalled the activities and the results of the Group for the present financial year and mentioned in particular the success of the mail-order sales achieved in January and February 1975 resulting in satisfactory results to be obtained at the end of the 1974-1975 financial year.

LA REDOUTE S.A. Mail-Order Sales Company, France  
Turnover of LA REDOUTE S.A. for the first six months of the 1975-1976 financial year (March to August 31) was less than forecast and amounted to Frs. 867 million, including tax, an increase of 8.2% over the first six months of the previous financial year.  
The company policy and the active management control practised during the 1974-1975 season contributed to a trading profit of Frs. 22.2 million at August 31, 1975, 19.9 million at August 31, 1974, representing an increase of 11.5%. Trading profit before the 1980 commercial tax law (before the 1974-1975 season) amounted to Frs. 10.8 million, an increase of 12% over the results of the first six months of the 1974-1975 financial year which amounted to Frs. 9.6 million before the 1980 commercial tax law.  
Towards mid-August, mail-order sales were among the first to register an upturn at household consumer level and, since that period, LA REDOUTE has known a great activity which has enabled the cumulative growth rate affected by 1974 postal strikes, to rise by 24% at November 30, 1975. In accordance with forecasts, the financial year should end by an increase in turnover of around 20%, together with a similar increase as regards the trading profit.

SOCIÉTÉ NOUVELLE D'EXPANSION REDOUTE  
The Société Nouvelle d'Expansion Redoute, made up of 9 retail shops, felt the decrease in retail sales during the course of the first six months of the financial year as turnover fell by Frs. 1.5 million, a decrease of 3.1% at August 31, 1975. In September S.N.E.R. opened two shops of 1,500 sq.m. — one on the Avenue de la Chapelle in Paris, the other, Rue Saint-Pierre in Marseille. At November 30, 1975 turnover, including tax, which amounted to Frs. 49.20 million, showed a 28% increase (5% considering equal sales areas).

## PREMAMAN

The turnover including tax for the first six months showed an increase of 17.1% at August 31, 1975, at November 30, 1975, the turnover, including tax, was Frs. 65.25 million, an increase of 15.1% a progress rate which should be maintained up to the end of the financial year in spite of the lower birth rate which affects this sector specialising in children's and maternity wear.

## EDICLUB-ROUBAIX

This Company specialises in Cultural-Leisure activities. Turnover, including tax, which already indicated an increase of 32.5% at August 31, 1975, amounted to Frs. 41.53 million at November 30, 1975, representing a progress of 45%. This increase should be maintained to the end of the financial year except for bad economic conditions.

## FINAREF

This financial establishment, a joint subsidiary with Compagnie LA HENIN, has seen constant activity. Results showed a marked increase for the present financial year which ends at December 31.

## SARTHA (Belgium) Mail-Order Sales Company

Turnover, including tax, showed an increase of 80.1% at August 31, 1975. At November 30, 1975 turnover, including tax, amounted to Frs. 1.18 million, an increase of 79%. Although economic conditions in Belgium have shown the same slackening off as in other European countries, the level of activities of this subsidiary shows that it is now benefiting from commercial investments made during the year.

## VETRO (Italy) Mail-Order Sales Company

All sectors of Italian economy have suffered over the past year. Mail-order sales were not an exception but VETRO, contrary to a number of Italian companies, managed to sustain reasonable activity. Turnover, including tax, at November 30, 1975, amounted to Litras 26,500 million the same as for the corresponding 1974 period. A marked decrease in retail sales, however, is expected although they should remain sufficient to offset degradation for the present financial year which is considerably higher than the preceding year.

At the beginning of the first six months of the 1975-1976 financial year, consolidated turnover for the REDOUTE Group amounted to Frs. 1,059.40 million at August 31, 1975, 981.44 million, an increase of approximately 8% over the corresponding period in 1974. The net consolidated results of the Group for the year ending February 29, 1976 should follow the same trend except for unforeseen bad economic conditions.



Society To-day: With the Sex Discrimination Act now in force, Joe Rogaly looks ahead to the next anti-discrimination legislation

# Back to the bottom of the class

IT IS WITH the deepest feelings of regret that I have to report that the Class Discrimination Act has been postponed for yet another year. Those who respond that this is the first they have ever heard of such an Act have not been thinking this Christmas. It stands to reason that a law against classism is in an advanced stage of preparation. The necessary documents can be found in a safe in the Home Office, in Bill form, ready to be offered to Parliament when the Government can think of no other way of keeping it distracted. When it does come—and that will certainly be on January 1, 1977—the announcement will read as follows:

"From midnight to-night it will be illegal to discriminate against any person on the ground of social class alone. In hospital, for example, porters will be bound by law to treat re-paying patients as if they were people. Scowling at them and pulling their blankets off while screaming 'queue-queue' or 'profiteer' in their ears will not be permitted. Natural, classless behaviour, by putting them in a cold waiting-room for three hours and coming in every 30 minutes to announce that 'doctor shan't be moment, luv' will remain within both the letter and the spirit of the law."

### Chimney-sweep

The new Act is based on the precedents of the Race Relations Act and the Sex Discrimination Act. It puts the re-geared Pakistani chimney-sweep on an equal footing with Mrs. Margaret Thatcher, and vice-versa. Enforcement will be

strict. There will be a Class, Race and Sex Simplification Authority, entitled CRASS for short.

The first decree of the new authority is expected to be the removal from the dictionary of the ugly word class itself. It will be replaced by the more progressive formulation, crass. against classism is in an advanced stage of preparation. The necessary documents can be found in a safe in the Home Office, in Bill form, ready to be offered to Parliament when the Government can think of no other way of keeping it distracted. When it does come—and that will certainly be on January 1, 1977—the announcement will read as follows:

This decree out of the way, the new authority will go on to direct the work of three special commissions, each with a modern "logo" in the style of the "Jobcentres" that have already replaced employment exchanges. The first will be named "Crass-room," to emphasise the new freedom introduced by the Act. The others will be called "Race-ahead" and "Sex-less." Each will have its own supervisory Board in London and a chain of offices throughout the country. A £2bn. capital expenditure programme has been drawn up, so that by the end of the decade every person will be able to find a "Crass-room," "Race-ahead" and "Sex-less" positions in adjacent shopfronts in every High Street.

Some 12,000 sign-posters are even now being trained to prove the new-style logos. The total extra manpower needed for the three branches of CRASS will be not more than 57,000, while headquarters staff may well be kept down to a lower figure than that, at least in

the early years. The cost is like everyone else. For this will then proclaim with the force of law: these will be obliged to drop it on all persons stipulate the number of columns who speak clearly and/or use inches that the gossips must be Queen's English. It will still society. Newspapers like The Sun will be obliged to devote a positively in favour of those full page every day to a detailed whose regional accents are so economic report, while the

letters with equal unpunctuality. Femme" will be "Smashing Bird Alone" so that everyone be excepted from the new law, and by 1980 it is expected that there will be a file on the crass origins of everyone in the land. These will be used for normal purposes, like reverse tax discrimination and allocation of non-middle or upper-crass children to the better schools. Nothing sinister is intended.

Another exception will be the trades unions. Since the unions have made little or no practical effort to practise what they preach about race and sex discrimination it would be more less to introduce a law on crass that they could render ineffective if they wanted to. Anyway, they will not let the Government introduce any paragraphs adversely affecting trades unions. Thus, discrimination against all the non-union crasses will continue. The apprenticeship system, with its dynasties, will not be touched by the new CRASS authority. Anything that any trade union leader does at any time will be legal according to 27 clauses written into the Bill as part of the price of its passage.

On the other hand companies will be obliged to merge works canteens with staff dining rooms. Separate toilet facilities for the shop floor and the office will no longer be permitted. Every person will adopt the same style of dress when in employment: a consignment of

it would be a serious error to assume that the changes brought about by the Act will be mere matters of nomenclature. The remaining saloon bars, for example, will become illegal: every bar will be a public bar. The Price Commission will ensure that there is no levelling of beer prices to compensate for the absence of the saloons. Every hotel will be obliged to offer chips at all hours, and the absence of HP sauce from a table could cost the new eatences (there will be no place for "restaurants") their licences. French menus will be outlawed: "Sole Bonne

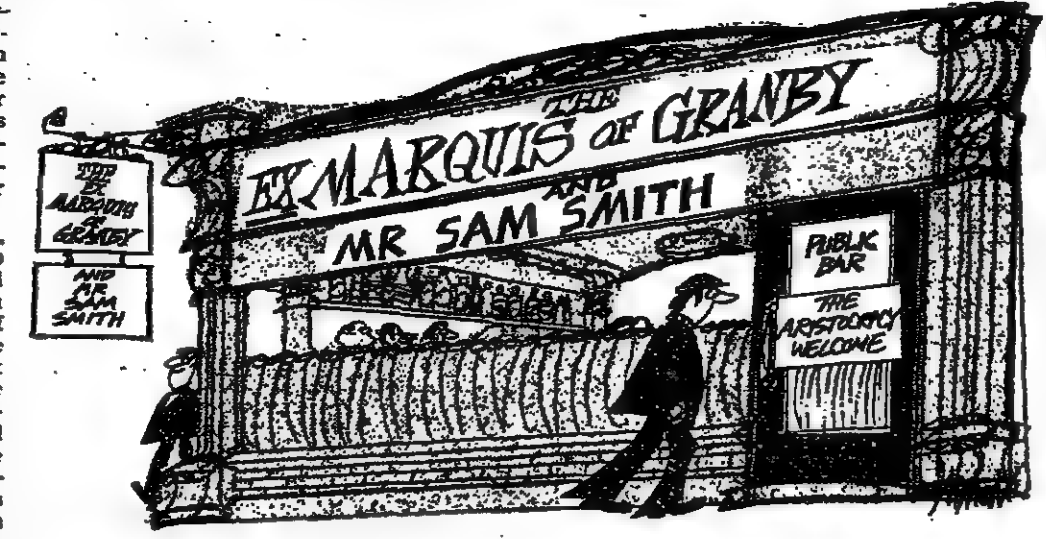
Some of the most severe penalties, some of them too horrible to mention, are to be reserved for the crime that will in future be called "crass hypocrisy." This will catch all those who proclaim their faith in absolute equality while availing themselves of advantages formerly flaunted by the upper-crass (TU excepted). Thus, ministers—departmental chairpersons—who talk about a classless health service and sneak off to Malta for private treatment will be punished under these clauses. Education officials who pretend to enjoy the abolition of private schools while sending their own children to Eton-on-the-Liffey will likewise suffer the penalties for Crass Hypocrisy, as will lounge socialists with houses on the Riviera, and London council persons who proclaim their passion for buses and maintain private parking spaces outside.

### Penalties

This brief description of the fundamental points of the Act should suffice to show that it is not intended to create a Crassless society—but rather to intensify Crass consciousness. For this reason alone, the Government's preliminary secret opinion polls suggest, the new Act will meet with universal rejoicing when it comes. You have not long to wait.

### Public bar

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with the second. It will hire consultants at enormous cost so that they may set in train a detailed programme of long-term multi-disciplinary research into the behaviour patterns of the newspapers. Before that even begins, certain decisive steps will be taken.

Andy Capp will be abolished. He is both crassist and sexist, and he may very well be secretly racist, like Alf Garnett, who will go to the flames with him. Members of the former

broad you can hardly understand a word they say, but the instructed to print a picture of a naked lady—sorry, person—on page three of every issue.

An uncontrollable Government subsidy will be given to British Rail, over and above the other uncontrollable subsidies, so that it may abolish the distinction between First Crass and Second Crass travel. There will be no such subsidy for the Post Office, since the difference between its "classes" of mail has already been abolished by its practice of delivering all

## Letters to the Editor

### School-leavers' abilities

From The Managing Director, ramdy and Partners.

Sir,—As managing director of engineering company wishing to do on apprentices I feel I must point out the experience of y personnel manager where school-leavers are concerned. See the summer he has failed completely among many interviewed, to find a single youngster with educational standards high might be considered suitable for the training available. The local training group is assisted in this task with minor results.

Unfortunately, it seems there still not enough encouragement given during their days at a state's secondary schools, to give people considering a career in engineering. We would, of course, be pleased to accept candidates with appropriate educational standards and in need them.

To give some indication of y we turned down those who failed, none was able to answer the following:

—Express 1 as a decimal.

—How do you multiply by 10 using decimals?

—Having been shown how to answer question 2—how do you divide by 10, using decimals?

Is recognised there may be other ways of presenting the (sic).

The Government measures referred to by Mr. John Cassels, Secretary of the Manpower Services Commission, are certainly needed. The problems, however, of suitability of school leavers for future employment seem to start well before they reach 16.

I, E. Lewis, 45 Mill, Stonehouse, Gloucestershire.

### Control of glossoli

Mr R. D. Bluet.

Sir,—Most people would agree the conclusion of your leader of December 22—'a case against centralisation'—that "the Government has too many badly aged colossal on its hands" use it is so self-evident, a conclusion, however, really the justification for the nationalisation of an industry falls to make a case for an alternative structure and organisation.

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Mr R. D. Bluet.

Sir,—Most people would agree the conclusion of your leader of December 22—'a case against centralisation'—that "the Government has too many badly aged colossal on its hands" use it is so self-evident, a conclusion, however, really the justification for the nationalisation of an industry falls to make a case for an alternative structure and organisation.

organisation of large commercial undertakings has been hoped to enable the corpora to produce the goods that consumer requires. Finance untended existence and to an adequate return on the al employed. While in dist countries this is made difficult by Government venton yet this does not l the political interference I has taken place in the nised industries in this country since their establishment. Consequently, this pol control partly explains their re. The inability to pro-economically the goods and ces required is also due to ethos. This is partly thr about by their mono-position; partly by the of financial discipline enred by the taxpayer being to finance all deficits; partly by the bureaucratic de adopted by the admini-employees.

ning in your observations electricity supply industry, to be comprehended that the structure does not enge competition. Each Area has a monopoly position area. The activities of the

Central Electricity Generating Board are purely functional and monopolistic. Whatever the Plowden Committee has recommended surely will permit a rationalisation and streamlining of the present clumsy bureau-structure which has proved so expensive to the electricity consumer and the taxpayer. This is evident not only in the high cost of generating electricity but in the expensive mistakes which have been made in the poor forecasting of demand and in the selection of equipment. In addition, the multiplicity of designs used in plant and equipment, and the excessively high standards demanded by engineers in comparison with overseas utilities has proved costly to the industry and to its suppliers.

Surely what you should be advocating on behalf of British industry and the private consumer is for a top-level management consultant firm to investigate the present colossus and make recommendations which will enable electricity to be produced much more cheaply. I am sure that Plowden has not been able to deliver as deeply as this. Failing this, should you not be advocating an organisation with a structure akin to profitable and progressive commercial corporations with a single product supplied essentially to a domestic market? The need for financial discipline will be paramount and particularly the control of research and development expenditure.

D. G. Bluet, 88, Manor Way, Beckenham, Kent.

### Third-class flying

From The Chairman, Cor and Kings.

Sir,—The secretary of the Advance Booking Charter Operators' Council argues impressively against British Airways proposed "third class" rates (December 28) and fails to see that the introduction of a new, lower tariff level can be economically justified in the current environment of loss-making by airlines.

What British Airways clearly understands—and he does not—is the operation of the law of diminishing returns, particularly damaging when the size of current aircraft must remain constant even though the load factor may shrink. To equate this question with that of the "bucket shops"—which all responsible members of the travel industry would like to see resolved by there being no cut-price tickets for them to sell—is, in my opinion, a complete red herring.

Only, I believe, by catering for all classes of traveller within the same scheduled pattern—whether by differences of service and comfort or by restrictions on size of groups, times of travel and length of stay—the inter-problems facing the international airlines be resolved, with consequent benefit to all concerned save those whose business was built on an earlier failure of the airlines to agree on the solution to the problems facing them.

A. B. M. Good, Vulcan House, 46, Marshall Street, W.I.

### Savings in energy

From The Director, The Total Energy Company.

Sir,—Sir Alan Cottrell's letter (December 15) and the succeeding correspondence, in particular Mr. Leslie Grainger's letter (December 22) are indeed stimu-

lating and encouraging. Sir Alan pointing convincingly to a way for us to enter the post-fossil-fuel era and Mr. Grainger indicating potential increases of 20 per cent. in available supplies of energy to give more time.

Perhaps it is opportune to supplement these letters which are concerned with research and development with a word about the tools ready to hand, one of which in particular can be as potent in its contribution to our energy situation as some of those being researched and its constraints are insurmountable rather than the need for time and money.

Total energy—or combined heat and power production—periodically becomes a subject for correspondence and engineers historically have quietly and persistently continued to do what they can within the constraints to use the concepts for the saving of fuel and money. That total energy on average uses 20 per cent. less fuel than conventional methods for generating power and heat I explained in a lecture to the Science Research Council's summer school in Oxford last July. I have since elaborated, in papers concerning investment required to save 1 Tce/yr, that in a comparison for instances, of total energy with the replacement of 67 per cent. efficient by 80 per cent. efficient boilers, the savings of fuel and money by Mr. Grainger, obviously of immense significance. Furthermore, it can gradually bring NCB replacement markets for those which it will lose in central power plants as the nuclear age comes closer. The concept applies equally to oil and gas as to coal and can be effectively allied with both the primary fuel interests and with those of the consumers and suppliers of power.

The previsions for the restructuring of the electricity supply industry, which were the subject of your editorial of December 22 do not give any hints of changes that will mitigate the current institutional constraints on total energy. But there are proposals before the various governmental committees examining combined heat and power generation, there is no reason why the New Year of 1976 should not see the start of a significant "take off" of this concept with most satisfactory consequences for both our internal fuel economy, our exports of goods and services and our long-term energy position.

C. M. D. Peters, 5, William Orchard Close, Old Headington, Oxford.

### Beef tests for Friesians

From Mr. W. Weightman.

Sir,—One of the many disturbing features in your article December 22 relates to meat. The Meat and Livestock Commission, the Ministry of Agriculture and the trade all agree prices to rise as the supplies of beef dwindle. . . . highlights the effects of one of the greatest defects in our cattle by breeding and exposes the stagnation in our beef industry. We are retarding ourselves to produce more beef from our live stock because of the failure to beef test British Friesian bulls on the same basis as bulls from the recognised beef breeds.

This unsound policy should cease forthwith.

It is claimed that approximately 70 per cent. of home produced beef is from Friesian cattle. It is, therefore, difficult to understand why Friesian bulls have not been beef tested along with the teams of bulls of four recognised beef breeds.

The popularity of British Friesian cattle over the past 40 years is entirely due to their superior commercial qualities. High yields of good quality milk are coupled with the beef by-product. This dual function has been achieved by careful constructive breeding methods adopted by breeders soon after World War I—building beef in this breed of cattle. The reason high yields of good quality milk was retained and at the same time type was improved so that today we have a breed which produces milk and meat from the same animal. Reference to photographs of prize winning Friesian cattle 50 years ago is conclusive evidence of the improved conformation achieved by breeders entirely with eye assessment. Milk recording, careful consideration of milk records coupled with close inspection for conformation has produced the Friesian that has become so popular and so important.

We have now reached a stage where further improvement can only be made possible provided breeders have more information regarding beef performance. It is to the credit of National Milk Records that a wealth of information is available regarding breeding for milk production. Regrettably, factual information regarding beef performance of Friesian bulls is virtually non-existent. It seems absurd Friesian bulls are excluded from beef performance testing, when we rely so much on beef coming from this breed of cattle. The reason for this absurdity is because there are people with the mistaken view that beef testing is outlined above may prejudice or reduce milk yield. This is to close one's eyes to fact.

May I suggest teams of Friesian bulls are selected for beef testing from the list of our best milk recorded sires. This would help to reduce the variation in all too prevalent in Friesian sires—and would lead to a substantial increase in our meat supply.

Wesley Weightman, Old Silksworth, Sunderland.

### The wish to work

From Mr. P. Gray.

Sir,—The Chrysler situation prompts me to ask how far this principle of taxpayers' support can be equitably carried on.

I feel able to say that I speak for many thousands of principals to professional firms and self-employed heads of other businesses, who are keeping staff on at virtually their own expense in the hope that an upturn in business will occur before the cash runs out. The TUC, through Mr. Len Murray, talks of the need for extensive use of public money, that is taxpayers' money, to support large bodies of seemingly privileged supporters of the TUC (the Review Staff Report suggests that many of these people do not like work anyway) "until such time as there is an upturn in the economy" so that they can be ready when that time comes.

As an architect I would like to point out that the building industry is a vastly greater employer of people than many of the categories now pleading for support. There must be many thousands of people like myself who are now indirectly support-

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### The year of Catch-76

From the Printer to the University, Oxford.

Sir,—Is next year to be the year of Catch-76? It looks as though both the Central Electricity Generating Board and now the Post Office have cottoned on. You raise your prices—the consumer reacts by reducing his consumption—you say that the consequent shortfall has raised your unit costs and you raise your prices—the consumer reacts, etc., etc.

Who now says that Monopoly is just a game?

Vivian Ridler, University Press, Oxford.

### To-day's Events

Causton (Sir Joseph), Winchester House, E.C., 11.30.

Clifford and Snell, Croydon, 5.

Clyde Petroleum, Glasgow, 12.

Concentric, Sutton Coldfield, 3.

Dollar Land, Connaught Rooms, W.C., 11.

Fitzroy Investment, Connaught Rooms, W.C., 11.30.

M. Y. Dart, Barnet, Herts, 12.

Mid Kent Water, Snodland, 12.

Northern Amateur Trust, Dundee, 12.

Norwest Hotel, 5, Belgrave Square, S.W., 10.30.

Phoenix Mining and Finance, Winchester House, E.C., 12.45.

Rosehugh, 37, Queen Street, E.C., 12.

Perry Gray, Arndale House, Charles Street, Bradford.

Samuel Properties, 100, Wood Street, E.C., 3.

Scottish and Mercantile Investment, Winchester House, E.C., 12.

Sheaf Steam Shipping, Newcastle-upon-Tyne, 12.

OPERA

Royal Opera production of L'Elisir d'Amore, Covent Garden, W.C.2, 7.30 p.m.

English National Opera production of Salome, Coliseum Theatre, W.C.2, 8 p.m.

BALLET

London Festival Ballet dance The Nutcracker, Royal Festival Hall, S.E.1, 7.30 p.m.

SPORT

Rugby Union: Combined Services v. Australians, Aldershot.

# Lloyds and Scottish

## A Satisfactory Year

Main points from the statement by the Chairman, Ian W. Macdonald

- \* Group profit before tax amounted to £13.1 million compared with £10.59 million in 1974 – an increase of 23.7%. It is satisfactory that the downward trend of the previous year has been reversed despite dramatically increased operating costs.
- \* Adverse effect of slackening in the demand for credit for consumer goods has been offset to some extent by an improved share of available markets.
- \* Our diversified activities in distribution and retail companies have made good progress.
- \* New investments: Scottish Discount Company (77%) and Alex. Lawrie Factors (100%) at total aggregate cost of approximately £2.75 million.
- \* Dividends per share have increased to 3.2615p. the maximum permitted under the provisions of the Counter Inflation legislation on company dividends, from 3.01p. last year. The year's dividend is covered 1.91 times.

Future Prospects

Some of the factors which affect the earnings of the Lloyds and Scottish Group—inflation, depression in world trade and falling standards of living—inevitably retard the real progress of all economic activity. The indications today are rather more encouraging than a year ago. Recovery in the countries least affected by inflation is widely anticipated during 1976. Britain unfortunately is not in this category, but there is some evidence that the tide will turn for this country before the end of next year.

The major question for those involved in the instalment finance industry is how soon Britain can safely change gear to a policy of gradual deflation. This policy would involve an easing of restraints such as terms control and VAT, and probably lower interest rates. Each of these would have a beneficial effect on our earnings. We have so far successfully weathered the storms and I have every confidence in the future of the Group.

	1975 £'000	1974 £'000
Group profit before taxation	13,103	10,592
Group profit after taxation and minority interests	6,237	4,862
Extraordinary items	50	(638)
Profit after extraordinary items attributable to Lloyds and Scottish Limited	6,287	4,224
Dividends	3,261	2,850
Profit retained in the Group	3,026	1,374

### Lloyds and Scottish Limited



# COMPANY NEWS + COMMENT

## Confident outlook at Assocd. Engineering

DIESEL engine manufacturing operations at Associated Engineering should generally remain strong in 1976, both in the U.K. and overseas, and replacement demand worldwide should also continue at a satisfactory level, says chairman Mr. J. N. Ferguson.

However, he adds that for the U.K. car industry, little growth is expected during 1976, and demand for the car engine industry for turbine components is likely to show some reduction.

He stresses that strenuous efforts have and are being made to find new customers and markets for products of the turbine components division, both within and outside the aircraft industry.

As reported on December 13 pre-tax profits for the year to September 30, 1975, expanded from £2.2m. to £14.7m. and the chairman said that the current year should show some further growth.

After allowing for the effects of inflation, there was an increase in the volume of U.K. sales of about 6 per cent.

A major part of the improvement in trading profit of the overseas companies came from France with a turnover from a loss of £380,000 to a surplus of £540,000.

Capital expenditure during the year was somewhat less than originally planned. However, with particular emphasis on re-equipment, to obtain improved productivity and provide additional capacity to cope with the anticipated increase in demand in 1977, states Mr. Ferguson.

At the end of September, 1975, net borrowings were 31 per cent. of capital employed (much of which is at historical cost) compared with 40 per cent. for the previous year.

In order that the company may take advantage of suitable investment opportunities as and when they arise a resolution is being submitted to increase the authorised capital by £7.5m. to £20m.

The additional share capital, coupled with the very adequate bank facilities retained by the group, will ensure that funds will be available to finance the growth of business which should result from the expected improvement in world trade in 1976-77, declares the chairman.

Bank overdrafts at September 30 were £11.3m. and bank balances £1.3m. (£0.4m.).

A statement of source and use of funds shows a reduction in bank and other short-term borrowing of £7.0m. (addition of £5.2m.).

Meeting, Savoy Hotel, W.C., on January 28 at 12.05 p.m.

### comment

On the expectation of maintained earnings per share of 10p—implying pre-tax profits of around £16m.—Associated Engineering's share price has been bidding its time at 73p since the preliminary results a fortnight ago. This does, however, represent a gain of about four-fifths on the level of two years ago against a market rise of a tenth. The continuing strength of diesel engine demand (about a third of group sales including replacements), releasing petrol component capacity, and the development of profitable

### HIGHLIGHTS

Lex discusses the Jessel proposal to put the company into a creditor's voluntary winding-up; assets totalled an estimated £8.3m. while unsecured creditors totalled £22.3m. The ICH report confirms that growth will be seen in both turnover and profits this year with the balance sheet showing some improvement in short-term liquidity. Also covered in the Lex column is the annual statement from Lloyds and Scottish which suggests that prospects for the future are more encouraging than a year ago but as far as the credit instalment industry was concerned it was not clear how soon Britain can change gear to a policy of gradual deflation. Elsewhere Associated Engineering report shows that demand for diesel engines remains strong which, along with that for component replacements, should leave the company on a growth track.

replacement outlets probably lies behind this re-rating. Problem areas remain in Covad (a loss of £879,000 last year which should be reduced) and in France, which although achieving a £0.9m. turnover to trading profits of £0.54m. is still showing a minimal after-tax return of net assets of £2.4m. In addition, projected capital expenditure of at least £5m. together with a working capital requirement of £55m. (against cash flow of £9m. last year) may soon reverse the recent fall to 64 per cent. in the group's debt-equity ratio.

## Jessel's debts position

Jessel Securities, which announced yesterday that it is to ask shareholders to approve a resolution to wind-up the company voluntarily, and nominate a liquidator, has estimated assets of £8.3m. available for unsecured creditors totalling £22.3m. There are also creditors of £2.2m. for known claims which are not agreed.

This assessment of the company's position is set out in a letter to shareholders from the chairman Mr. Oliver Jessel who says: "This position results in an estimated distribution for unsecured creditors of approximately 30p in the pound over a period of years. Shareholders will appreciate that there is no possibility of any distribution to them."

Included in the list of capital and extraordinary losses are figures of £21.5m. lost on Jessel Securities life assurance operations, £5.6m. on the stake in Peninsular and Oriental Steam Navigation which is sold, and £3.2m. lost on its holding in Johnson and Firth Brown.

Among the unsecured creditors who are owed a total of £22.3m. are unsecured loan stock holders £10.1m. and London Indemnity and General Insurance which is owed £5.5m. Jessel's assets include subsidiaries at a realisable value of £3.8m., amounts due from subsidiaries £2.8m., and bank balances of £1.6m.

Mr. Jessel ends his letter by expressing "my profound regret and disappointment at what has happened. However, it is now apparent that the crisis that affected the investment world in 1974 was far more severe and has continued longer than was generally understood at the time."

### Metropole Industries

In the 26 weeks ended September 28, 1975, profits of Metropole Industries amounted to £103,900. For comparison the published figures for the 26 weeks ended October 13, 1974, have been reduced on a time apportionment basis from £111,000 to £102,900. The directors feel that the re-

sults are encouraging under present conditions.

Metropole controls companies engaged mainly in engineering and associated trades. In the year ended March 31, 1974, profits came to £126,000.

## Staveley growth forecast

INTERNAL BUDGETS for the current, prepared on conservative assumptions, indicate that every product group at Staveley Industries should improve its profitability, although circumstances outside its control could upset some of these budgets, over all results for 1975-76 "are expected to show an improvement."

In his annual statement, Mr. H. H. Moore, chairman, also repeats his conviction that the company is now stronger than ever and better structured and organised to deal with an extremely difficult environment.

In 1974-75 the company continued with a high level of investment amounting to £5.4m. (£5.2m.). However, the rate of investment has now passed its peak for the time being and the rate of spending for the near future is envisaged "to come rapidly into better balance with our cash flow."

The directors have decided not to incur the expense of producing audited interim accounts. However, CIP adjusted accounts have been prepared on the same basis as last year and these show a 13 per cent. rise in pre-tax profit to £4.1m. In 1974 there was a reduction of 24 per cent.

As reported on December 9, the consolidated accounts showed an increase in profits from £2.9m. to £3.6m. Dividends are up from 6p to 7p net.

With the exception of chemicals, all product groups increased their profits.

Overall the financial position of the company has been further strengthened; holders' funds have now increased to nearly £20m. and total debt as a percentage of funds, dropped from 61.9 to 45.3, compared with 121 in 1970.

Of the total debt, only £2.7m. or 13.8 per cent. of holders' funds is in the form of bank borrowings. The remainder is loan capital not repayable for a long time to come and costing, at 7 1/2 per cent. per annum, much less than service than bank overdrafts.

Resources and capital structure now enable the company "to face with confidence almost any disturbances which may occur in the financial market, and to take advantage of investment opportunities." It expects to be able to finance working capital requirements and the investment programme out of the resources available.

## Walton Comm. Group

A petition for the winding-up of the Liverpool-based Walton Commercial Group, which controls a chain of 120 shops, has been presented to the court.

The petition, presented by the Official Receiver, alleges that the company is unable to pay its debts and that its assets are insufficient to meet its liabilities.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year
Bell and Sime	0.58	Jan. 30	0.58	3.55
Bucknall Trust	0.32	Jan. 30	0.32	1.72
Queens Moat	0.28	Jan. 30	0.28	0.53

Dividends shown per share net except where otherwise stated. Equivalent after allowing for scrip issue. \* On capital increased by rights and/or acquisition issues.

Commercial Group, owner of Aintree racecourse, is due to be heard in the High Court on January 28. It has been presented by Racecourse Technical Services, a subsidiary of the State-controlled Horserace Betting Levy Board, but is not expected to affect the recent deal under which the Ladbrooke Group signed a seven-year management contract with Walton to run the Grand National.

Mr. John James, managing director of Racecourse Technical Services, said the petition involved a "small" debt relating to the provision of photo-finish and public address facilities at the Grand National meeting last March.

The 1976 Grand National is thought to be safe now that Ladbrooke has intervened. All income from the meeting will go to Ladbrooke, which will pay Walton a £200,000 fee.

## Negretti & Zambra profit fall

AFTER MUCH higher interest charges of £20,257, compared with £13,345, profit before tax of Negretti & Zambra, makers of measurement and control instruments, declined from £90,888 to £69,888 in the year ended September 30, 1975. For the last year 1974-75 profit was £262,103.

Two loss-making activities are being closed in the second half of the current year, and other measures are being introduced aimed at improving longer-term profitability and cash flow, say the directors.

Stated earnings per 35p share in the first half are up from 2.5p to 2.7p net. Tax has been reduced by losses brought forward but if full tax had been payable earnings would have been down from 2.5p to 1.6p.

The dividend is normally announced in August. Last year payment was 2.68p per share.

1975	1974
External sales	£1,515,800
Interest payable	£20,257
Profit before tax	£90,888
Less: interest payable	£20,257
Net profit	£69,888
Dividend	£13,345
Profit	£56,543

## New credit insurance company

The Credit and Guarantee Insurance Company, which commenced underwriting credit insurance and surety guarantee business from January 1, having received authorisation from the Department of Trade under the Insurance Companies Act 1974, will specialise in the underwriting of both customer and supplier default insurance and delivery and performance guarantees. The company will also underwrite a reinsurance account of credit and surety business for specialist insurance companies throughout the world.

The new company has a paid-up capital of £800,000 held equally by Mercantile and General Insurance, Dominion Insurance, N.V. Nationale Borg-Maatschappij of Amsterdam and Dansk Kautionsforsikrings-Aktieselskab of Copenhagen. The offices will be at 36, Cornhill, London and the managing director will be Mr. V. J. Fowler.

## GUINNESS PEAT

Guinness Peat continues to hold 32 per cent. of the equity of the London-based Guinness Peat Group. Recently, it was inadvertently stated that the interest was 3 per cent.

## BIDS AND DEALS

**TCK INTEREST IN LESBROOK**  
TCK Group (formerly Thomas C. Keay) has bought 29.9 per cent. of the capital of Lesbroom, the Birmingham-based makers of precision and measuring tools. The 449,999 shares have been purchased from the holdings of directors and the principal shareholders of the family firm, consideration, described as nominal, is believed to be in the region of 0.1p per share; the shares last marked at around 2 1/2p.

The purchase of only 29.9 per cent. of the capital is significant, since if the percentage had topped 30 per cent. TCK would have been obliged to make a similar offer for the remainder.

TCK will be gaining Board representation through the appointment of Mr. S. Newbould, chairman of TCK, and Mr. L. Coyne, the finance director of TCK, to the Board of Lesbroom.

## EDWARD LE BAS

Le Bas Investment Trust and its subsidiary, I. S. and G. Merchants, now hold 54.75 per cent. of the Ordinary capital of Edward Le Bas.

## Devenish

Highlights from the statement of the chairman, J. A. Devenish & Company Limited, Mr. A. E. Ledger Hill, O.B.E., D.L., for the 52 weeks ended 26th September, 1975:

- Group profit before tax exceeded £1,000,000 for the first time. Final dividend proposed of 13.2p making 19.2p for the year (1974 18p).
- Sales of traditional draught beers together with Viking and Heales lagers increased but bottled beers declined. Jester mineral sales almost doubled in three years.
- Five low volume uneconomic pubs closed. Realistic rent policy negotiated for tenanted houses. Major investment in re-organisation of storage and handling facilities in Cornwall.

Results at a glance	1975	1974
Group Profit before Tax	£1,053,246	£915,327
Taxation	£491,565	£443,328
Available for Ordinary Shareholders	£625,085	£449,394
Total Ordinary Dividend	£176,602	£165,564
Profit retained in the Company	£448,483	£283,830
Earnings on £1 Ordinary Stock	69.7p	49.9p

## Productivity boost needed at ICH

ALTHOUGH turnover per employee rose from £6,900 to £8,500, International Computers (Holdings) needs to improve productivity further to equal the much higher productivity of its American competitors, says the chairman, Mr. T. C. Hudson, in his annual statement.

He confirms his earlier report that the company enters the current year with a larger percentage of orders relative to planned output than in any previous year and while the economic climate is uncertain, management is confident that turnover and profit will grow.

As reported on December 10, a full preliminary statement, pre-tax profit for the year ended September 30, 1975, expanded from £13.7m. to £18.47m. The net dividend is 0.85p (0.87p) or 1p gross (same).

## Downturn at Queens Moat

ALTHOUGH first-half (to July 13) profits of Queens Moat Houses have fallen from £105,000 to £41,000, chairman Mr. John Birstow does not view this as a serious disappointment.

He explains that the company has carried out a significant and costly reorganisation and rationalisation but says benefits will begin to be felt in the second half, bringing an improved performance, and will continue in future years.

In the light of the current uncertain economic situation and the general need to retain resources, the directors are not paying an interim dividend, against 0.25p net. The final dividend (0.25p net) will be considered in relation to the second-half profit performance. For the year 1974 profits were £232,000.

## Bell and Sime improvement

Despite continued intense competition for business, external sales of timber importers and saw-

## Bright future for Lloyds & Scottish

EVERY CONFIDENCE in the future of Lloyds & Scottish is expressed by chairman, Mr. I. W. Macdonald, in his annual statement.

Referring to inflation, depression in world trade and falling standards of living, which have influenced group earnings, he says that indications to-day are rather more encouraging than a year ago.

Recovery in the countries least affected by inflation is widely anticipated during 1976. Britain, however, is not in that category but there is some evidence that the tide will turn before the end of next year.

The major question for those involved in the insurance industry is, he says, how soon Britain can safely change gear to a policy of gradual reduction of inflation. Consequently, it was one of the very few life companies to have maintained its terminal bonus rates in 1975 following the fall in equity values over 1974.

Each would have a beneficial effect on earnings, points out Mr. Macdonald. The average dividend for the year ended September 30, 1975, was 14.4p per cent., falling to 11.5p per cent. in the year to September 1974.

Statement of source and application of funds shows a decrease of £14.9m. in working capital, compared with a £53.8m. decrease. On November 29, 1975, Lloyds Bank and the Royal Bank of Scotland each held 40.44 per cent. of the equity.

Mr. Macdonald says he wishes to retire as chairman after the annual meeting, he will be succeeded by Mr. George Johnston. Meeting, Piccadilly Hotel, W., January 22, noon.

## RECENT ISSUES

Company	Issue Date	Price	Yield
U.S. F.P.	7/11	300	11.2%
U.S. F.P.	7/11	300	11.2%

## FIXED INTEREST STOCKS

Company	Issue Date	Price	Yield
U.S. F.P.	7/11	300	11.2%
U.S. F.P.	7/11	300	11.2%

## "RIGHTS" OFFERS

Company	Issue Date	Price	Yield
U.S. F.P.	7/11	300	11.2%
U.S. F.P.	7/11	300	11.2%

Rebates and discounts usually last day for dealing free of stamp duty, or payable on public. \* Dividends based on prospectus estimate. \* Dividend rate paid or payable. \* Dividend rate based on prospectus estimate. \* Dividend rate paid or payable. \* Dividend rate based on prospectus estimate. \* Dividend rate paid or payable.

1973 A year of real progress

1974 "...a strong product line and a healthy order book"

1975 Turnover and profit substantially increased

\* Operating profit for the year to 30th September, 1975 amounted to £16.2 million (1974 - £13.4 million). Turnover increased by some £39 million. Revenue from overseas activities grew by 27 per cent and from the United Kingdom by 15 per cent. Profit from overseas activities increased significantly overall.

\* Turnover per employee rose from £6,900 to £8,500. Although this achievement is gratifying, we need to improve our productivity further to equal the performance of our American competitors.

\* By the year end, forceful action on cash management had reduced overdrafts to £3.6 million (£18.6 million at the half-year). While the position at the year end was thus favourable, average borrowings during the year were substantially higher than in 1974. In 1975 we invested £25.8 million in our own financing of data processing equipment for rental (£16.3 million in 1974).

\* Our marketing organisation had a most successful year, selling more data processing equipment than in any previous year. The value of orders for the year increased by some 15 per cent. Orders from overseas continued to grow at a faster rate than in the United Kingdom.

\* In September negotiations were concluded for ICL to acquire a one-third interest in Computer Peripherals Inc. This will enable us to make available to our customers peripheral equipment which is both technologically advanced and highly competitive in price.

\* The Company enters the new financial year with a larger percentage of orders relative to planned output than in any previous year. Whilst the economic climate is uncertain, the management is confident that turnover and profit will grow in the current year.

From the Annual Statement by the Chairman, Mr. T. C. Hudson, C.B.E.

A copy of the full Report and Accounts may be obtained from the Secretary, International Computers (Holdings) Limited, ICL House, Putney, SW15 1SW.

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## MINING NEWS

## Gold labour shortage may end soon

BY KENNETH MARSTON, MINING EDITOR

THE SHORTAGE of black labour, which still has a notably adverse effect on South African gold production earlier this year, should come to an end in the first months of 1976 if the seasonal increase occurs in the intake and is accompanied "as seems likely" by the resumption of recruiting in Malawi. This opinion is expressed by Messrs D. A. Etheridge and D. B. Hoffa in their statements with the annual reports of the Anglo American group's Orange Free State gold mines.

Meanwhile, the mines have gained some concessions with the permitted advancement of black workers in negotiations with the white unions for a five-day week; this is to start in 1976 when full employment is reached in the mine. The shorter working week still seems likely to affect production and costs and in view of this coupled with the recent fall in the bullion price, the OFS producers are cutting down on capital spending where possible.

Both chairmen remain confident of the future of gold. They point to signs of a revival in fabrication and investment demand and see the view that the elimination of the enormous speculative premium that has been paid for gold in the past two years will be beneficial in the longer run to the growth and stability of the market.

**Uranium plan**  
They describe as "exciting" the new uranium project which involves the Anglo American group's FS gold mines. It comprises the construction of a major metallurgical plant complex for the production of uranium, sulphuric acid and additional gold from the mine's current residues and re-mined slimes. Initial feasibility studies are "most attractive".

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## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends are likely to be paid or not, and the sub-divisions shown below is based mainly on last year's meetings.

**TO-DAY**  
Anglo American Group Ltd.  
Anglo American Consolidated Tea Estates.

**FUTURE DATES**  
Anglo American Group Ltd. Jan. 8  
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**Hard times for Copper Range**

THE CURRENT severely depressed market for copper has led to America's Copper Range, the seventh largest producer of refined copper in the U.S., embarking upon a drastic cost-cutting exercise which will mean a loss of jobs for 2,100 of the 2,900 work force employed at the company's big Wye Pine mine and smelter operation in Michigan.

The cutbacks, which start on January 4, are expected to last for at least two months and will be centred on the mine thus reducing its output to around 30 per cent of capacity. The smelter, which has been curtailed for repairs since September, will process stockpile material.

Copper output in January and February is expected to be in the region of 7m. to 8m. lbs a month compared with around 12m. lbs a month earlier this year. The company made a net loss of \$7.5m. (\$3.8m.) for the nine months to September 30, compared with earnings of \$15.8m. or \$8 a share for the same period of 1974.

In October a U.S. court ruling barred Amx from taking over Copper Range even though the latter's shareholders had voted in favour of the deal. At that time Amx was understood to have an 18.9 per cent stake in Copper Range. The objection to the merger was on the grounds that it would eliminate competition between the two companies in the mining and refining of copper.

**ROUND-UP**

In the week ended December 19, South Africa's gold holdings were unchanged at R255.7m. according to latest figures issued by the Reserve Bank. This indicates that all the week's newly mined gold output, currently estimated at around 14 tonnes, was disposed of on the local market. Gold mined at R141.50 per ounce yesterday.

According to the chairman, Mr. Peter Gibb, Australia's Pacific

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Five licensed properties were closed and offered for sale. These were low volume uncommercial outlets which were costly to maintain. The repairs and maintenance expenditure of £25,257 was incurred in the last year. The Crown Hotel in Weymouth was sold.

Rents of tenanted houses had been largely fixed from 1968 until last March. The company has now negotiated a "realistic" rent policy with the representatives of licensed premises. The policy includes an incentive for tenant licensees to sell the company's beers and improve their own premises.

As reported on December 4, pre-tax profit for 1974-75 advanced from £255,209 to £1,129,137, including extraordinary items of £73,891 against £38,882. The dividend is raised from 18p to 19.2p net.

At November 28, Whitehead Investment Company held 24.7 per cent of the Ordinary stock.

**Carr's Milling off to good start**

THE CURRENT year has started well at Carr's Milling Industries and with the improved cash position the directors are implementing plans to increase efficiency by some selective capital investment.

According to Mr. I. C. Carr, chairman, in his annual review, the heavy involvement with commodities and consequent exposure to the vagaries of that market together with the political aspect of Government subsidisation and bread prices make forecasting over any other than the shortest period a very hazardous occupation.

The acquisition of Oliver and Snowden earlier this month is a natural diversification into a field of activity compatible with existing interests, he adds.

On cash resources and liquidity, the chairman says that a general easing of raw material prices coupled with cost saving exercises and tight financial control have contributed to a satisfactory level of profit. This, together with reduced capital expenditure has, as forecast, led to a substantial improvement in liquidity.

There was also some improvement in the margins at the Flour Mill on four sales during the year. This was primarily due to an easing in the price of milling wheat and related to a satisfactory return over the year from this activity.

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The exceptional summer weather helped to increase



INTERNATIONAL COMPANY NEWS + EURO MARKETS

Sachs executors reinstated

By A. H. Hermann

THE EXECUTORS of the late Willy Sachs, dismissed by a lower court on December 17 because of objections against their intended sale of a majority shareholding in Fichtel and Sachs to Guest, Keen and Nettlefolds (GKN), the British engineering group, have been reinstated by the Landgericht of Traunstein. The reinstatement is only temporary until a final decision of the Traunstein court, due in January. From this, either party will have the possibility to appeal to the Regional Court in Munich which would have the last say in the matter. However, the lawyers of the two parties to this dispute, the two brothers Ernest Wilhelm and Gunter Sachs on the one side and Frau Eleonore Sachs, the divorced wife of the owner, on the other side, have established contact and there seems to be some prospect of a deal.

GKN have been all set to announce the £100m takeover of Fichtel and Sachs, leading West German supplier of motor car components with subsidiaries in Brazil, Canada and France when the unforeseen legal obstacle arose. Frau Sachs petitioned the court on behalf of her two children, claiming that by selling out to GKN the executors violated the testament of the late Herr Sachs who intended that the enterprise should remain in family control.

She asserted that there were no compelling economic reasons for parting with that control as the group is profitable and solvent. The now reinstated executors have the power to proceed with the GKN deal but are unlikely to do so before the correctness of their action is definitely confirmed by court. They also have to take into account public opinion which has been stirred against the project of a well known national enterprise passing under foreign control in circumstances when even the German taxmen will draw a blank to the two Sachs brothers are Swiss residents.

However, the dispute between the two brothers and Frau Sachs does not seem to be concerned with national issues. According to a statement released on behalf of the two brothers on December 22, Frau Sachs had already earlier declared, through her lawyer, that she will have no objections against the deal with GKN, provided that a part of the purchase price paid by GKN is deposited in the name of her two children. This seemed to have been agreed but not further condition that the income from that deposit should be hers until the youngest of her two children, now 12, will reach the age of 40. Later she lowered her demands but these were not agreed to by the two brothers and Frau Sachs proceeded against the executors. It can be assumed that all the Sachs are interested in securing a figure, so that the deal with GKN can proceed.

Even when the Sachs family squabbles are over, the saga is likely to go on. The takeover is being scrutinised by the Federal Cartel Office and the EEC Commission in Brussels.

VW forecasts slowdown in losses for 1975

BY ADRIAN DICKS

VOLKSWAGEN now anticipates group losses of well below DM\$500m for 1975, within which figure Volkswagen A.G. is expected to lose well below DM\$500m. In a report to-day, that starkly illustrated the difficulties that the entire German motor industry has experienced this year, VW nonetheless insisted that final results for 1975 would show an improvement on 1974, when it registered record losses of DM\$870m.

The brighter areas of the picture painted by the company to-day are in domestic sales, which showed a rise of 9.7 per cent, this year, and in exports to the rest of Europe, which rose 9 per cent, to reach 309,000 units. But as earlier sales figures from VW have consistently shown, the company's North American sales remain far below

past levels. For the year as a whole, sales in the U.S. at 276,000 units, were 21 per cent below those of the previous year. Largely as a result of this, exports now account for only some 50 per cent of the VW group's total turnover—a sharp decline from the 63 per cent share they held in 1974. To-day's statement also reflected the steep cuts made in VW's investment programme, and the 12 per cent reduction in its labour force, carried out since the new management team under Herr Tony Schmucker took over early this year.

Separate figures published to-day by the German motor industry's statisticians showed a reduction in total employment of some 65,500 jobs between the beginning of 1973 and September

this year, though some rehiring has taken place between that time and now. Meanwhile new figures revealed by Opel to-day confirmed the surge in sales that the company has managed to achieve in 1975. For the year as a whole, Opel increased sales by 12.4 per cent to reach a new total of 653,052 units. In August and November it managed to post VW as the number one company in domestic car sales. Opel also announced that sharply rising demand for its models has led to a net increase of 8,400 jobs and to a partial return to overtime working. The company's general manager, Mr. John McCormack, expressed optimism over prospects for 1976, both for domestic German demand and for exports to the rest

of Europe. share is claimed to have been 32 per cent, a marginal increase over the year before. In exports, Nissan did spectacularly well in the Middle East during the past year with an increase in sales of 68 per cent (to \$8,000 units). Sales to Europe were up 16 per cent to 194,000 units but Nissan notes that in Britain, its biggest European market, exports had to be "held down" due to political implications from the early autumn onwards. Shipments to Britain in 1975 will be roughly the same as in 1974, the company says, but Nissan's Datsun cars will increase their share of the French and West German markets.

In the U.S. Nissan expects increased competition in the small car market but is evidently confident about increasing its own sales. Shipments to the U.S. will rise sharply because inventories have been run down to low levels during the past few months. Nissan says it plans capital expenditure of Yen 690m in 1976 of which nearly one-third (Yen

220m) will be devoted to engine control. Nissan, in common with other Japanese car manufacturers, is now manufacturing only low pollution cars meeting the newly introduced 1975 controls for the Japanese market. But its statements imply that improvements are still being sought in anti-pollution methods. "Steps to promote the virtues" of new car lines will be "actively carried out" in an effort to measure up to customers' requirements, the company says.

AP-DJ adds—Toyo Kogyo, the maker of Mazda brand automobiles, posted a Yen 1.7bn deficit in the year ended October 31, despite the liquidation of Yen 21.2bn of assets. The company's net profit for the year ended October 31, 1974, was Yen 5.4bn, net profit for the year ended October 31, 1975, was Yen 518.2bn, a year earlier. Exports were quoted as a particular problem area. Toyo Kogyo produced 640,000 autos for the year ended October 31—down from 749,000 autos a year earlier.

Nissan sees fall in home sales

BY CHARLES SMITH

JAPANESE domestic demand for cars will fall by about 7 per cent next year, under the impact of higher prices caused particularly by the introduction of compulsory anti-pollution devices. This is being forecast by Nissan Motor, the second biggest Japanese car manufacturer. Nissan evidently believes that car sales, which rose spectacularly in the last part of 1973 in advance of the tighter pollution controls, will fall off very sharply during the first quarter of 1976. Sales will pick up later in the year but will still not match 1975, which was the second best year in the Japanese motor industry's history.

Nissan plans to sell 1.1m. motor vehicles in Japan next year compared with the 1975 total of 1.9m. units. It expects its exports to rise by around 3 per cent over the 1975 level to 0.9m. units, but total production will still be 4 per cent below the 1975 level at around 2m. units. Nissan's 1975 production was 2.1m. units. Its domestic sales

share is claimed to have been 32 per cent, a marginal increase over the year before. In exports, Nissan did spectacularly well in the Middle East during the past year with an increase in sales of 68 per cent (to \$8,000 units). Sales to Europe were up 16 per cent to 194,000 units but Nissan notes that in Britain, its biggest European market, exports had to be "held down" due to political implications from the early autumn onwards. Shipments to Britain in 1975 will be roughly the same as in 1974, the company says, but Nissan's Datsun cars will increase their share of the French and West German markets.

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Renault losses and labour unrest

PARIS, Dec. 29.

REGIE NATIONALE des Usines Renault, France's biggest and State-owned car maker, is likely to report a loss for 1975, compared with net earnings of Fr\$36m in 1974 and Fr\$57m in 1973, according to industry sources.

Despite a pick up in production last month to 5,770 units daily compared with 5,400 a year ago, Renault's output this year is likely to decline by 4 per cent from the 1,487,538 cars produced in 1974.

During the first six months of this year, output was off 22 per cent, to 540,550 units, and exports declined 9.6 per cent to 323,575 vehicles.

Among its problems, the company, singles out last spring's nine weeks strike which resulted in a loss of about 100,000 vehicles.

More labour unrest could be ahead for Renault. Some 250 workers manning large presses for R-4 and R-6 models have now demanded the inclusion of a Fr\$65 bonus in their monthly wages.

A management decision to transfer the presses to other workshops to prevent a small number of strikers from affecting production, as was the case last spring, also upset management/labour relations.

The new labour unrest at Renault is seen as a first test

for Bernard Vernier-Pallies, the newly-appointed head of the State-owned company. AP-DJ

Paris France higher profits

PARIS, Dec. 29.

PARIS FRANCE, the department store chain, has revealed that provisional net profits for the 12 months ended last August 31 amounted to Fr\$10.2m, compared with Fr\$9.4m in the same period a year before. The company said the current financial year will end on December 31. AP-DJ

Swissair may cut dividend

By John Wicks

ZURICH, Dec. 29.

IT WILL probably not be possible for the Zurich based airline Swissair to maintain its 1975 dividend at Sw.Frs.30 per share. This was stated at a speech to employees by the Swissair president, Armin Baltensweiler, who said that results for 1975 "will be the worst for 15 years". The airline is still trading profitably. Reasons for the relatively poor showing of the company over the year include the recessionary effect on total traffic, which did not develop in line with industry as well as a drop in income per seat-mile, because of tariff reductions, and fluctuations in foreign-exchange rates. The airline recorded a loss in possible income of some Sw.Frs.50m, during 1975 after the transfer of foreign currency to Switzerland. Special currency status had to be granted on fares, too, to obviate the loss of ticket sales and traffic to neighbouring countries. Swissair, has stayed in the black, however, partly because the policy of accelerated depreciation adopted in recent years and partly because costs were contained by Sw.Frs.40m, by a ban on recruitment.

For the new year, Swissair expects a 7 per cent expansion in its traffic capacity. The airline's income from flights is expected to rise by 8 per cent, and income by 9 per cent. Costs should, despite a budgeted 2 per cent increase in personnel costs, grow by about 8 per cent, due in part to such exceptional factors as heavier aviation spirit, the opening of a new airport terminal in Zurich and increased fees.

Other stimulating factors were the large number of new issues, reaching close to SKr.900m, the previous record in 1969, and the burst of takeovers and mergers towards the end of the year, not prompted out by VAT in October, while the Banks, which were relatively

partly by the new capital gains

Airlines report imminent

By Michael Van Os

AMSTERDAM, Dec. 29.

A DETAILED cost-benefit analysis of various operations between the financial troubled airlines of Holland (KLM), Belgium (Sabena) and Luxembourg (Luxair) carried out by an American management consultancy, will be submitted to the three airlines and the respective transport ministries in the countries involved at the end of January or early February.

Press reports on the contents of the analysis were described as "highly premature" by a KLM spokesman in Amsterdam to-day. He stressed that although the study looked at the feasibility of an overall merger, the consultancy's specific brief has been to report on the various alternatives open to airlines. Each bearing price tag and not to make any recommendations.

The decision to go ahead with a feasibility study into the alternatives, ranging from a full merger to technical co-operation and co-operation in passenger handling, has been received with some scepticism. Although a complete merger between the three airlines may make commercial sense, the political and social ramifications of such a merger might invalidate the plan. Part-co-operation, therefore, is considered more likely. Sources close to KLM to-night said that one specific problem was domestic Belgian political pressure to choose Air France rather than KLM as partner; the question too as to which company would dominate in the proposed restructuring—KLM is the larger company—was also unresolved.

Contrasting performances on the Nordic bourses

BY WILLIAM DUFFLOR

STOCKHOLM, Dec. 29.

THE NORDIC stock exchanges have shown a remarkable degree of independence during 1975, refusing in their performances to reflect the obiter dicta of experts on the prospects for their national economies. Thus, over a period when the international recession finally struck at the Swedish economy with more profound effect than anyone anticipated, Swedish shareholders have enjoyed their second best year since 1960. While industrial production has stagnated and unemployment remained persistently high in Denmark, share prices on the Copenhagen exchange have risen by over 30 per cent over the year, roughly recovering the losses sustained in 1974.

In contrast, despite the seemingly brilliant expectations offered by Norway's North Sea oil, the Oslo exchange has registered new lows during the year and shows little sign of leaving its current gloom. Developments on the small Helsinki exchange have mirrored the crisis into which the Finnish economy has fallen this year, but even there brokers are surprisingly optimistic about prospects for 1976.

The Stockholm Exchange, for instance, has been reflecting the profit boom and higher dividend payments of the 1974 annual report, despite the growing apathy through the year of increasingly depressing interim company reports. The general index changed little during the 1973-74 period, when industry was covering the setback at the beginning of the decade, so that its 28 per cent rise in 1975 represents a delayed effect. Some two-thirds of the 90 companies quoted on the Stockholm Exchange increased share

tax which becomes effective next year and partly by re-organisation of the Wallenberg family empire. Few of the leading names in Swedish industry appear among the year's top performers. Before showing a 95 per cent rise in price, but this compares with 25 per cent for Volvo, while L. M. Ericsson finishes the year almost unchanged and Swedish Match shows a slight loss. On the whole, the forest-based companies did best in 1975 with Svenska Cellulosa rising 68 per cent and two companies involved in mergers, Kopparsfors and Bergvik Oeh Ala, also achieving rises of over 60 per cent. Bank shares continued to do well but Steel and Shipping company prices reflected the crises in these industries. Total turnover for the year will be around SKr.25m. (€22.5m) or roughly the same as in 1974.

Turnover for the first 11 months of the year on the Copenhagen exchange was DKr.298m. (€24m.) indicating the difference in the size of the markets, although the Danish figures represented a 61 per cent increase over 1974. The general index has risen 33 per cent over the year, reaching 101.13 on Monday and returning to its starting point three years ago (January 1, 1973=100).

The steep rise in prices at the beginning of the year, when the Danish economy was in deep crisis, was apparently due to investors' belief that a turn for the better was overdue, but brokers R. Henriques contend that the continuation of the bull market after June has been caused by declining confidence in the bond market.

A Government cash deficit of DKr.16bn. has produced high liquidity, some of which has found its way to the stock market. This has particularly helped the prices of insurance shares which have risen by 42 per cent over the year. Industrial shares have gone up 48 per cent. The Trade group (55 per cent) was the relatively new issue, some years out of the market, which were relatively

stable during the early part of the year, turned slowly upwards after the improvement in bond rates and show a 25 per cent rise over the year. The exception to the general pattern has been Shipping, whose index is heavily influenced by the A. P. Moeller shares, which have slid downwards over the year as a result of the relative failure of the group's North Sea oil exploration operations. Shipping and Oil have also been major elements in the continuing depression on the Oslo exchange, where turnover plummeted in the first 11 months of this year to Nkr.290m. (€23.5m.) compared with Nkr.1.6bn. in 1973 and Nkr.700m. last year. Shipping shares have tumbled along with the collapse of the tanker market, while Oil shares, which hit their lowest point last month, have been affected by the Government's go-slow policy in developing North Sea oil.

Denmark's Creditbank's oil share index has fallen from over 100 at the beginning of 1974 to around 25. Shipping shares have lost on average a further third of their value this year, with the index falling to around 60 from the peak of over 200 reached in 1973. By the end of November, industrial shares were hitting new lows since the year, chiefly as a result of the poor export performance of Norwegian industry.

In Helsinki, the smallest of the Nordic exchanges, where turnover has averaged less than £30m. over the past three years, share prices have fallen from 10 to 20 per cent all round in 1975 due mainly to Finland's economic recession and a tight money market. A Government proposal to introduce a one-year moratorium on company property has also not helped.

Here, too, prices have recovered somewhat this month on a flush of optimism without any seeming concrete basis. One surprising development during the year was the relatively large number of new issues, some years out of the market, which were relatively

AGC raises Mercantile offer

BY JAMES FORTH

SYDNEY, Dec. 29.

AUSTRALIAN Guarantee Corporation (AGC), Australia's largest financier, to-day renewed its attempts to acquire Mercantile Mutual Insurance with a \$4.4m. higher takeover offer. AGC has lifted its offer from \$2.75 cash for each Mercantile Mutual share to \$3.25 a share. The higher price raises the value of the bid from \$242.1m. to \$282.2m. The increased offer came as no surprise since Mercantile Mutual directors had rejected the initial bid as inadequate. They pointed out that the bid, which was acting in concert with either party must be reported by noon the following day. Mercantile Mutual stated that it was not acting in concert with any party and AGC replied that it had not bought any Mercantile Mutual shares. The New South Wales Corporate Affairs Commission also expressed an interest, pointing out an inspector on the Sydney Mutual withdrew his business from the bank, with which it has been trading in Mercantile Mutual.

AGC to-day entered the market investors at least feel, there could be further developments. The Mercantile Mutual directors are expected to reply to AGC's renewed offer by the end of the year. They are also expected to reject the latest offer. The Sydney Stock Exchange has taken an interest in trading Mercantile Mutual shares. It Mutual shares. The bidder said wrote to both AGC and Mercantile Mutual, reminding them of the Exchange's rule that any market dealings by anyone acting in concert with either party must be reported by noon the following day. Mercantile Mutual stated that it was not acting in concert with any party and AGC replied that it had not bought any Mercantile Mutual shares. The New South Wales Corporate Affairs Commission also expressed an interest, pointing out an inspector on the Sydney Mutual withdrew his business from the bank, with which it has been trading in Mercantile Mutual.

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General Electric—Utah merger probe

WASHINGTON, Dec. 29.

THE JUSTICE Department Antitrust Division said to-day that it will investigate a proposed merger of the General Electric Company, a blue chip manufacturing company, and Utah International Inc., a natural resources company. A Justice Department spokesman said that it is believed that the merger of the two companies would be the largest in American history. On December 15 the Board of directors for both companies announced their intention to negotiate a merger and two days later submitted the proposal to the Justice Department for "business review." The review is a routine procedure under which companies get an advance opinion on whether a merger would violate federal antitrust laws.

For two weeks the Federal Trade Commission and the Antitrust Division of the Justice Department have been working on whether a merger would violate federal antitrust laws. The review is a routine procedure under which companies get an advance opinion on whether a merger would violate federal antitrust laws.

Although details have not been worked out, the merger would probably be accomplished through a tax-free exchange of 1.3 shares of General Electric Common stock for each share of Utah Common stock. The Utah Common stock was sold in 1974.

INTERIM STATEMENT

WEARWELL LIMITED

INTERIM FINANCIAL STATEMENT

THE UNAUDITED GROUP TRADING RESULTS FOR THE SIX MONTHS TO 31st OCTOBER are—			
	Six Months ended 31st October 1975	Six Months ended 31st November 1974	Year ended 2nd May 1975
Sales	£'000 3,560	£'000 3,420	£'000 7,162
Group Profit before Taxation	474	462	1,007
Taxation (Estimated)	246	240	552
Group Profit after Taxation	228	222	455
Interim Dividend of 0.896p per share	36	94	358
Retained Profits	192	128	97
Earnings per share based on Notional Tax at 52% and adjusting for scrip issue	2.1p	2.0p	4.1p

The Chairman's Statement

In spite of continuing adverse trading conditions, I am pleased to announce a modest increase in profits over the corresponding period of last year. In the last few months the restrictions on consumer spending has been noticed in the Company's sales which have not been as buoyant as expected. The Company has maintained its interim dividend at 0.896p per share (after adjustment for scrip issue). All Directors and certain other shareholders, a total of approximately 63% of the Company's equity, have waived their right to participate in this Interim Dividend and the net cost to the Company is therefore only £36,000. This dividend will be paid on 27th February 1976 to the holders of Ordinary Shares on the Register on 19th January 1976. Asil Nadir, Chairman and Managing Director.

All of these Securities have been sold. This announcement appears as a matter of record only.

**\$750,000,000**

**International Bank for Reconstruction and Development**

**\$250,000,000 8.35% Five Year Notes of 1975, Due December 15, 1980**

**\$250,000,000 8.85% Ten Year Notes of 1975, Due December 15, 1985**

**\$250,000,000 9.35% Twenty-Five Year Bonds of 1975, Due December 15, 2000**

Interest payable June 15 and December 15

**MORGAN STANLEY & CO.**  
Incorporated

**THE FIRST BOSTON CORPORATION**

**SALOMON BROTHERS**

**GOLDMAN, SACHS & CO.**

**MERRILL LYNCH, PIERCE, FENNER & SMITH**  
Incorporated

**BLYTH EASTMAN DILLON & CO.**  
Incorporated

**DILLON, READ & CO. INC.**

**DONALDSON, LUFKIN & JENRETTE**  
Securities Corporation

**DREXEL BURNHAM & CO.**  
Incorporated

**HALSEY, STUART & CO. INC.**  
ATTORNEYS at Law & Co. Incorporated

**HORNBLOWER & WEEKS-HEMPHILL, NOYES**  
Incorporated

**E. F. HUTTON & COMPANY INC.**

**KIDDER, PEABODY & CO.**  
Incorporated

**KUHN, LOEB & CO.**

**LAZARD FRERES & CO.**

**LEHMAN BROTHERS**  
Incorporated

**LOEB, RHOADES & CO.**

**PAINE, WEBBER, JACKSON & CURTIS**  
Incorporated

**REYNOLDS SECURITIES INC.**  
Incorporated

**SMITH, BARNEY & CO.**  
Incorporated

**WARBURG PARIBAS BECKER INC.**

**WERTHEIM & CO., INC.**  
Incorporated

**WHITE, WELD & CO.**  
Incorporated

**DEAN WITTER & CO.**  
Incorporated

December 23, 1975.



**+ FOREIGN EXCHANGES**

**£ & \$ firm**

**GOLD MARKET**

	Dec. 28, 1976	Dec. 29, 1976

NEW YORK, Dec. 29

k Motors were predominantly higher. BMW were up D312 to 275 and Daihatsu D312.50 to 332.50, but VW shed D310.40 to 139.50.

Machine Makers gained up to D39, while Steels broadly advanced up to D37. Metals were firm.

Minings mostly gained ground. Utilities largely remained neglected. Stores were mixed to lower, while Breweries mostly gained some ground.

**SWITZERLAND** — Generally very steady in moderately active trading. Leading Banks improved while

Financials were little changed. In Transports, Swissair declined Frs.15 to Frs.455 after manage

ment hinted at the possibility of a 1973 dividend cut. Industrials were mostly well disposed. State Bonds were little changed in quiet dealings.

On the Foreign sector, Dollar stocks generally firmed over a broad front in rather an active turnover. Dutch International improved and Germans firmed.

**OSLO**—Industrial, Insurance and Banks were steady, while Shippings were quiet.

**VIENNA**—Generally higher. Major Banks showed scattered gains. Insurances and Constructions firmed slightly.

**COFENHAGEN**—Mixed in trading.

**BOND**—Higher across the board in active trading.

**Hong Kong Bank** were up 10 cents to \$HK15.70, Hong Kong Land 35 cents to \$HK7.25, Hutchison 11 cents to \$HK1.91, Jardine 60 cents to \$HK2.40, Hong Kong Electric 71 cents to \$HK3.80, and Hong Kong and Canton Wharves 70 cents to \$HK1.40.

**JOHANNESBURG**—Gold shares

Metals were mixed, with Messina down 5 cents to \$2.43. Industrials were quietly steady.

**AUSTRALIA**—Generally firm in quiet trading.

Ampol Exploration rose 12 cents to 98 cents, Queensland Mines gained 14 cents to \$2.29 and Kathicon put on 8 cents to \$1.48. Mercantile Mutual improved 11 cents to \$3.31 on the revised

offer from Australian Guarantee.  
Burns Philp were up 5 cents at  
\$A2.25 and Weeks also rose 5  
cents to 85 cents.  
Thies gained 5 cents to \$A2.50,  
as did Herald to \$A2.25.  
Woodside Burmah were 4 cents  
up at \$A1.49.

**GERMANY ♦**

	Prices	+ or	Dis. Yd.
	Dm.	-	% %
Dec. 29			

A.E.G. ....	80	-3.2		
Alliance Versich. ....	466	-4	17	1.9
S. M. W. ....	275	+2	17	2.5
BASF .....	189.8	+1.9	17	6.1
Bayer .....	131	+1.5	17	2.1
Bayer Hypo. ....	387	0	18	2.7
Chem. Werke .....	287	3	18	2.4
Crescentbank .....	217.4	-1.5	18	4.3
Conti. Gummi .....	96.5	-0.6	-	-
Daimler .....	502.5	-2.5	18	2.1
Dagb. ....	246		18	3.6
Deماج .....	189	-2.5	-	-
Deutsche Bank .....	336.5	-0.8	20	2.9
Dresdner .....	274.5	-4.5	18	3.5
Erdkerns Zeitn. ....	167	+7	10	3.0
Guthofnung .....	218.5	-0.5	14	4.2
Hansa Lloyd .....	128.5	-3.5	1e	4.6

Harpener DM100	165	+1.0	8	4.6
Hoch	151.4	-1.9	18	6.0
Boesch	61.3	+0.5	10	8.3
Kell Sels DM100	115.5	-1.5	6	-
Karvandi	458	-1	20	2.3
Kaufner	265	-1	20	4.7
Kleekne DM100	139	+7	6	4.6
Klock Humtolt	177.5	+0.5	6	1.7
Krupp Prf DM100	131	-	10	7.7
Kunlenkender BK	350	-4	18	2.7
Linde	222.5	+2.5	16	5.4
Lowebrodt DM100	2.180	-	20	0.8
Lutjens	69.5	+0.5	4	2.9
M.A.N.	200	+9	13	3.0
Messersch DM100	350.5	+4.7	14	4.4
Messerschmitt	240.5	+5.6	12	-

Munich, Ruckers .....	5750	-5	18	1.6
Northern .....	106	+1	6	2.9
Prussia, D.M.W. ....	142.6	0	7	4.9
Rhein West Elect. ....	140	+2	16	2.7
Saarling .....	385	+1	30	1.6
Siemens .....	304.5	+0.6	16	2.2
Stuttnacher .....	3760	0	19	2.2
Thyssen .....	123.9	+2.5	24	6.2
Verein u. West Bk. ....	551	+1	18	2.7

Dec. 29	Price Fr.	+ or -	Div. Yld. Fr. %	
Air Liquide .....	264.9	+0.9	18.5	4.6
Aurillon .....	244	-	28.5	6.8

Berlin	115.5	+6.8	11.03	9.5
B.O.N. Genova	580	+11	37.5	0.5
Carrefour	1.959	-11	57	2.9
Chargeurs Reunis	184	-1	15	0.1
Citroen	46.3	+2.4	—	—
Fl. Petroles	119.8	+1.8	18.1	13.0
Fl. Banque	480	+6.5	12	5.5
G.E.R.	310.8	+5.5	58.2	7.7
Credit Com France	168	+1.9	10.5	7.0
Cr. du P. Nord	33.3	+2.5	37	—
Deuts. V.B.	147.5	—	19.5	12.6
Gal. Lafarge	89.1	-0.1	2.5	5.1
Ind. Orientale	18	+0.5	—	3.2
Imperial	77.5	0.5	4.5	5.0
Lafarge	185	-2.1	15	7.9
L'Oron	1032	+22	13.5	1.3
Mach. Bull.	31.9	—	—	—

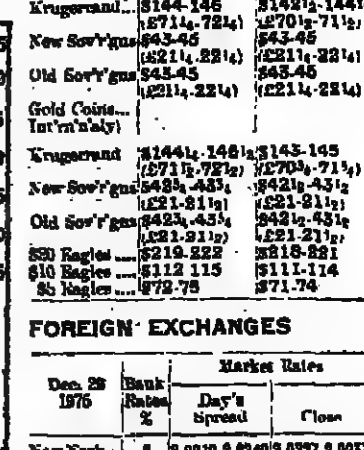
Macmillan - 18	1,586	+21	27.25	20
Moet Hennessy	588	+8	10.8	1.6
Paribas	165.9	+1.7	16.3	8.9
Pechelony	10.9	+0.4	14.1	-
Peugeot - (Fr. 10)	304.3	+9.5	13.6	4.5
Priest	112.5	+0.8	11.9	9.6
Printemps	66.6	-	5	4.5
Re-Forty	106	-	11.2	2.3
Rhone-Poulenc	175	+1	15.7	-
Sailler & Co.	65.4	+1.3	19.18	2
Societe Generale	141.1	+3.6	13.5	9.4
Source Parrier	105.3	-0.5	6	5.7
Suez	251	-	235	8.6
Thomson Brandis	259.5	+4.7	17.6	4.3
Unior	72.8	+0.8	11.56	15.9

AMSTERDAM		Priced Fls.	+ or -	Dtr. %	Yld. %
Abhold (Fl.20) .....	108.7	-0.7	18	5.5	
Ach (Fl.20) .....	91.6	-0.6	20		
Aigien Bank (Fl.100)	328.5	+2.5	80	6.7	
AM RV (Fl.10) .....	58.0	-0.6	30	10.3	
Anno Bank (Fl.20) ..	78.6	+1.6	80	5.1	
Van Berckelaer (Fl.50)	114.1	-0.5	15	6.6	
Bijlandt (Fl.20) .....	67.5	-1	21	4.8	
Boisla Weston (Fl.10)	70.5	-0.9	65	4.4	
Bulman-Tetterode (Fl.)	10.5	-0.1	25	6	
Blaevier (Fl.10) .....	498.5	-3.5	94	1.0	
Edman S. V. Beestey	120.2	-	72	4.4	

Black Duck (FL26)	63	+1.5	31	3.6
Black Duck (FL26)	179.3	+1.3	14	1.6
Holland Hills (FL30)	44.2	-0.2	12	2.9
Holland Hills (FL30)	135.0	-1.2	8	2.0
Hogovans (FL20)	69.8	+2.3	26	8.7
Hogovans (FL20)	271	-0.1	11	4.9
H.F.C. Holland	52.1	-0.4	5	1.8
K.L.M. (Fr. 00)	73.8	+4.8		
K.M. Muller (FL04)	43		24	11.3
Kanalen (Fr. 10a)	50	-0.5	20	4.0
Kanalen (Fr. 10a)	58.3	+2.9	36.2	3.8
Kanalen (Fr. 10a)	46.3	+0.4	15	6.0
Kanalen (Fr. 10a)	14.3	+0.7	15	7.0
Kanalen (Fr. 10a)	70.6	+0.5	6	11.3
Kanalen (Fr. 10a)	33	+1.5	8	4.3
Kanalen (Fr. 10a)	169		28	4.3

Philips (FL 10)	22.3	+0.5	18	5.3
Amstelverf. 100	170.3	+1.5	18	10.6
Amstelverf. 100	188.3	+2.5	22.2	9.7
Amstelverf. 100	124.3	+1.7	5	1.9
Amstelverf. 100	117.4	+0.4	10	7.2
Amstelverf. 100	210	+3.1	40	7.8
Amstelverf. 100	80	+0.5	17	9.5
Amstelverf. 100	117.4	+1.7	50.5	1.6
Amstelverf. 100	121.2	+1.6	36.1	6.0
Amstelverf. 100	178.3	+0.8	13.9	7.8
Amstelverf. 100	29.5		54.10	1.6

Gold Bullion		
in ounces		
Clean	\$141.142	\$140.141
Opening	\$140.141	\$141.143
Morning 1/2	\$141.25	\$140.80
	(\$59.82)	(\$59.43)
Afternoon 1/2	\$141.75	—
	(\$70.06)	—
Gold Coins		
(Domestically)		



Krugersand	5144-146	5142-144
	(5714-724)	(5704-714)
New Sort'gms	543-45	543-45
	(2214-224)	(2214-224)
Old Sort'gms	543-45	543-45
	(2214-224)	(2214-224)
Gold Coins...		
Intern'ly		
Krugersand	5144-146	5143-145
	(5714-724)	(5704-714)

New Sov' r' gns	5424-483	54219-4372
	521-8119	521-8112
Old Sov' r' gns	5423-434	54219-4314
	521-8119	521-2172
850 Eagles	5219-222	5218-221
810 Eagles	5112-115	5111-114
85 Eagles	572-75	571-74

**FOREIGN EXCHANGES**

Dec. 28 1975	Bank Rates %	Market Rates	
		Day's spread	Close
New York...	8	2.9210-2.9240	2.9227-2.925
Montreal...	8	2.8475-2.8505	2.8556-2.854
Amsterdam...	14 1/2	5.42-5.45	5.43; 5.44
Brussels...	15	79.75-80.18	79.85-80.05
Copenhagen...	7 1/2	12.44-12.47	12.46; 12.48
Frankfurt...	8 1/2	5.38-5.41	5.29; 5.30

Lisbon	7	\$4.90-50.30	\$5.10-85.30
Madrid	8 1/2	120.40-120.30	120.80-120.85
Milan	6	1,878-1,588	1,381 1/2-1,822
Oslo	8	11,511-11,221 1/2	11,541-11,275 1/2
Paris	8	8.82-8.50	8.04 1/2-8.75 1/2
Stockholm	8	8.98-8.80	8.89-8.63
Tokyo	8 1/2	618-621	618 1/2-618 1/2
Vancouver	8	57.16-57.45	57.25-57.45
Zurich	8	5.23-5.62	5.50 1/2-5.51 1/2

\* Basic discount. † Rates given are for 100 U.S. dollars.

OTHER MARKETS	
Argentina (d-122-52, 155)	Argentina: 260-276
Australia: 1,508-1,518	Austria: 264-36
Brazil: 78-18-18, 59	Belgium: 862-824
Finland: 77-8-7, 60	Brazil: 20-25
Greece: 78-587-72, 482	Canada: 2,35-47

Bang Kong	ML 175-11	Denmark	12.30-15.15
Iran	175-140	France	12.30-15.15
Kuwait	0.585-0.595	Germany	12.30-15.15
Luxembury	79.95-80.05	Greece	75-75
Malaysia	5.2275-5.2475	Italy	1670-1680
N. Zealand	1.9587-1.9489	Japan	1.60-1.60
Saudi Arab	7.85-7.5	Netherland	5.55-5.55
Singapore	0.6283-0.6475	Norway	11.15-11.15
S. Africa	1.7488-1.7675	Portugal	70-70
U.S.		Roman	178-125
Canada		Switzerland	5.50-5.50

Based on rates quoted by specialized dealers. \* Rate given is the financial rate. Special financial rate (d) 174.33-174.72.

**FORWARD RATES**

	One month	Three months
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New York	0.50-0.80 c	pm	2.80-2.85 c	pm
Montreal	0.35-0.45 c	pm	1.20-1.10 c	pm
Amst'dam	2 1/2-1 1/2 c	pm	8-7 c	pm
Brussels	40-20 c	pm	105-85 c	pm
Copenhagen	7 1/2-5 1/2 c	pm	184-184 c	pm
Frankfurt	5 1/2-2 1/2 pf	pm	10-9 1/4 pf	pm
Lisbon	per 100 c	dis	per 100 c	dis
Milan	2 1/2-3 lire	pm	34 1/2-34 1/2 lire	pm
Osaka	3 1/2-2 1/2 new	pm	12 1/2-12 c	pm
Paris	5 1/2-2 1/2 c	pm	12 1/2-12 c	pm

Stockholm 24.4	one min	1.44	one min
Vienna ... 35-10	gro min	70-48	gro min
Zurich ... 54.94	a. min	102-94	e. min

912-month forward U.S. dollar 4.83-4.85c  
per and 13-month 9.23-9.15c per.

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**JOHANNESBURG**

**MINES**

Dec 28	Rand	+0.02
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Anglo American Corp.	4.30	
Charter Consolidated	31.50	
East Deafonia	11.40	ad
Essex	20.00	
Harmony	72.15	+0.05
Kinos	5.50	+0.25
Nico	8.25	+0.02
Populartum Platum	1.77	+0.07
St. Helena	124.75	+1.25
South Val	4.00	+0.25
Union Corporation	3.55	+0.05

De Beers Deferred	3.32	-8.0c
Bywaterlicht	1.33	+8.0c
East Rand Pr.	26.89	
Free State Gold.	34.00	+1.00
President Steyn	14.90	+0.10
Shilohstein	2.40	+0.10
Wolpre	3.20	
Western Holdings	72.30	+0.25
Western Deep	117.00	nd

**INDUSTRIALS**

African Explos. and Chem.	2.00	+0.00
Anglo-Amer. Industrial	5.10	
Anglo-Transvaal Industries	71.98	
Barlows Rand	3.13	+0.00
CNA Investments	22.35	
Currie Finance	0.23	
De Beers Industrial	5.30	+0.11
Edgars Stores	26.60	
Ever Ready SA	1.00	
Federale Volksbevoeligen	2.00	
Gen. and Development	12.80	

Groceries Stores	4.30	+0.1
Guaradian Assurance (SA)	71.33	
Huilex	2.80	+0.1
LTA	71.80	
Nedbank	3.63	+0.0
OK Bazaars	75.69	
Ovenshoe Investments	70.33	
Premier Milling	18.00	nd
Pretoria Cement	13.33	
Protea Holdings	1.23	-0.0
Rand Mines Properties	22.00	-0.1

Rembrandt Group	73.40	
Reynold's Bros.	16.18	
Sage Holdings	71.70	
SAPP	1.80	
Sorec	0.88	+0.0
SA Breweries	1.18	
SA Dis. and Wines	5.30	-0.1
Tiger Oats and Nat. Mills	77.80	
Unisco	1.82	

SPAIN		
Dec. 25		Per cent.
Asiatic	250	—
Banco Lopez Quesada	770	—
Banco Bilbao	865	+10
Banco Atlantico (1,800)	665	-4
Banco Central	875	—
Banesto (250)	594	-5
Banco Exterior	570	+6
Banco General	820	—
Banco Granda (1,800)	363	+7

Banco Hispano	547	---
Banco Iberico	686	---
Indoban	420	---
Banco Ind. Cat. (1,000)	415	---
Banco Mercantil (1,000)	1,203	---
Banco Noroeste	329	---
Banco Occidental	454	+11
Banco Popula	700	---
Banco Santander (538)	948	---
Banco Uruguayo (1,000)	636	---
Banco Vizcaya	718	---
Banco Zaragozano	943	---

Banbanion	368	
Altos Hornos	152	+ 6
Sabcock Wilcox	119	- 4
CIC	494	
Crocinco	176.38	+ 1
Dragados	715	+ 12
Immobiliar	138	
Energías Ara	258	- 1
Espanolas Zinc	248	+ 5
Exp. Río Tinto	519.75	
Frax (1,000)	233.50	- 0.50

Penosa (1,000)	121	—
Finanzato SA	443	—
Finanzato Servicios	456	—
Gal. Precidos	492	—
Grupo Velazquez (400)	448	+ 3
Hidroila	112	+ 2
Iberduero	289	+ 2
Motor Iberica	219	—
Ojarra	588	—
Petrolifer	385	—
Sardo Papalera	313	+15

Seat (1,000)	153	-
Sevillana Elec.	150	- 2
Snatch	108	- 2
Telefonica	216	+ 2
Tubacex	335	+ 0.5
Unio Elec.	158	- 1
Unio y Febr	630	- 10
Uruas	225.50	- 0.5

NOTES: - Overhead prices exclude

premium. Belgian dividends are shown  
after withholding tax.

\$ DM50	denom. unless otherwise state
£ Kr.100	denom. unless otherwise state
Pras.500	denom. unless otherwise state
Prs.500	denom. unless otherwise state
Yen 50	denom. unless otherwise state
c Price	at time of suspension
c Florins.	c Schillings. c Cents. d Div
ended after pending rights and/or ser	
ried. c Per. rhina	c Rheno. and/or

**div.** = **dividend**. **a/c** = **account**. **ex** = **excess**. **div. & c.** = **Assumed dividend after scrip and/or rights issue.** **a/c After loc** = **tax free.** **n** = **Francis**. **Includi** = **Include**. **div. n** = **Non.** **s** = **Share split.** **a fnd** = **fund yield exclude special payment.** **d** = **divid.** **yld** = **yield.** **a Unoficial trading.** **n** = **Minor holders only.** **n** = **Mercer pendings.** **\* Ask** = **Bid.** **\* Traded.** **n** = **Seller.** - **Assume** = **Ex. rights.** **nd Ex dividend.** **sc** = **scrip issue.** **aa Ex all.** **a loterum m** = **increased.**

the 1990s, the number of people in the world who are undernourished has declined from 1.1 billion to 800 million. The number of people who are malnourished has declined from 1.5 billion to 1 billion. The number of people who are obese has increased from 100 million to 300 million. The number of people who are overweight has increased from 100 million to 300 million. The number of people who are obese and overweight has increased from 100 million to 300 million. The number of people who are obese and overweight has increased from 100 million to 300 million.



Yesterday's announcement that India's general election is to be postponed for at least a year marks another stage in the consolidation of Mrs. Gandhi's position. How is she using her powers? Kevin Rafferty on India's New Year prospects

## Follow my leader

MRS. INDIRA GANDHI may have removed her immunity from the Congress Committee, the ruling party's supreme body, but she has not yet taken the step of resigning. She will have another opportunity to do so when Parliament sits again early in the New Year. So far the Indian Prime Minister has shown only the negative and tough side of her new regime with the proclamation of a State of Emergency, arrests and imprisonment without trial, suspension of natural rights, refusal of appeal to the courts, and, yesterday, the postponement of the country's next general election by at least a year.

Some claim that nothing has changed and that India is still a democracy. Against this assertion have, however, to be set the powers Mrs. Gandhi has assumed since the State of Emergency was declared on June 26.

● Natural rights under the Constitution are suspended and no one can ask a court to enforce them;  
● Detainees under the Maintenance of Internal Security Act, 1971, (MISA) cannot be told the grounds of their detention (under the original Act the grounds had to be disclosed within a few days), and are forbidden bail and any claim to liberty through natural or common law.

● Under the 38th Amendment to the Constitution, the Proclamation of Emergency is outside the jurisdiction of the courts, leaving no redress against misuse by the State of its powers even once the Emergency is over;  
● Under the 41st Amendment Bill (already passed by the upper house of Parliament), the President, Prime Minister and State governors will have immunity from criminal prosecution for life and from civil prosecution during their term of office.

### First sign

Some of these powers will lapse when, or if, the State of Emergency is ended, but Mrs. Gandhi has already given notice that she intends to apply a heavy controlling hand to the reformed India. The first sign came earlier this month with the promulgation of the Prevention of Publication of Objectionable Matter Ordinance, 1975.

Under this, the Government can take action against "publications which are likely to excite disaffection against the Government." "Objectionable matter" is defined as "words, signs or visible representation which bring into hatred or contempt or excite disaffection towards the Government established by law in India or in any state thereof and thereby cause or tend to cause public disorder." The same day in another ordinance the Govern-

### Unafraid

Mrs. Gandhi has shown that she is not afraid to use her powers. No outsider, and possibly not even the Government, knows how many people have been arrested under the Emergency, but most estimates start at 50,000. The detainees include politicians, students, a few journalists, smugglers and out-right criminals. When I asked Mr. D. K. Barooah, the Congress President, last month how many political prisoners were detained, his side suggested not more than 800, but that figure looks highly unrealistic compared with the recent statement by Mr. P. C. Sethi, then Chief Minister of Madhya Pradesh, that 13,500 people, of whom 5,000 were political cases, have been arrested in his State alone. Madhya Pradesh had a reputation as a quiet State. (At the height of the independence movement during the British Raj there were 40,000 prisoners.) Some people have been released, but no figures have been given.

The Emergency has had wide repercussions on Indian life. The India which used to be one of the freest countries in the world for politics and political gossip has gone. In its summer session Parliament just rubber-stamped Mrs. Gandhi's emergency legislation. Officials to-day talk politics only with the most trusted friends. The Press has become dull and cowed.

None the less, some supporters of Mrs. Gandhi claim that changes for the better outweigh the harshnesses of the Emergency. So far, it is true, the Emergency has hurt only a limited group of people in the Indian elite. Those not on Mrs. Gandhi's side have suffered, but the ordinary man in the street or in the paddy fields is too poor to have a stake in the game.

And there have been benefits. Visitors to India to-day comment on how there is more discipline, how prices have come down, how civil servants are at their desks, and how the papers are passing quickly, with decisions made, instead of being shuffled from one pending tray to another. As a result, it has been argued that democracy was a luxury that India could not afford.

Anyone who knew India would agree that its so-called democracy had many faults. Democracy meant virtually nothing to the landless peasant without

enough food and heavily in debt to a moneylender. It meant still less to the homeless, jobless scavenger on the streets of Calcutta. The Opposition parties were disorganised and had no alternative policy. Some Indians in Mrs. Gandhi's camp compare the Emergency with the Shah of Iran's "White Revolution" of February, 1962. They say that they would willingly swap the endless hot air and squabbling in Parliament, the corruption and inefficiency, for a managed system which tried to do something about India's endless problems.

But this is precisely where action is awaited. Mrs. Gandhi has shown the force of her arm against those who have stood in her way. She has made eloquent promises: "Garibi hato" (abolish poverty) was the 1971 election slogan, and in July came a 20-point economic programme offering homes to the homeless, jobs to the jobless and the abolition of rural indebtedness. But she has yet to show how she translates this programme into action.

### Problems

Any central plan to change Indian society to benefit the poor must reduce the powers of members of the Congress Party both inside and outside Parliament; it must be big enough and imaginative enough to grapple with the problems; and then it must be pushed through by a confident administration in charge of itself and in charge of the whole country. Above all, it must be backed by sufficient economic growth. In her nine years in power Mrs. Gandhi has made little progress in these directions.

Congress built up a superb vote-catching machine, usually relying on the most powerful man in the villages, like the local landowner who most stood in the way of essential change. In Parliament, this meant that Congress was a conglomerate of bickering groups, from Left to Right, which of itself ruled out reform attempts. In the Indian

states, Mrs. Gandhi had to make one alliance after another to stay in the same place, again making genuine reforms impossible. Now, jostling for power seems to be continuing. When Mrs. Gandhi's son, Sanjay, criticised corruption in the Communist Party of India (pro-Moscow wing), which is allied to the ruling Congress, the Communists were able to get the interview withdrawn.

### Harvest

India's basic problems of poverty and population will not be solved by repression. It is true that prices this year have come down, and restrictions on the money supply and the ruthless stamping on trade unions have helped. But an excellent monsoon and harvest, for which Mrs. Gandhi can hardly claim credit, has been the main factor. And India has been hard hit by the worldwide recession. Of the 135 mini steel plants, 102 are closed. There is a stockpile of 1m. tonnes of steel—more than two months' production from the integrated plants. There is a similar two months' stockpile of aluminium. The car industry, vehicle builders, machine tool makers and cement producers are all producing at half capacity or less.

And this is the situation of an already poor country. Per capita income in India is about \$120 a year. According to the Government, at least 40 per cent. of the population—250m.—live below an austere defined poverty line. The earlier years of Mrs. Gandhi's Premiership coincided with unprecedented economic growth in much of the world; India slipped backwards. According to the *Economic Times* of India, the rise in the country's real national income in 1974-75 was 1.6 per cent., bringing the total growth for the four years following Mrs. Gandhi's election victory to 5.2 per cent. In the same period, the population went up by 9 per cent.; the ordinary Indian became steadily poorer—and his poverty was already acute.

## Administration of VAT boosts civil servants

FINANCIAL TIMES REPORTER

THE NUMBER of civil servants employed last year dropped by 488 to 683,921, according to figures published to-day by the Civil Service Department. The statistics ignore the bylaw off of 18,000 posts to the Manpower Services Commission. The Department attributes the overall increase in the number of civil servants to the administration of VAT and to the higher proportion of people paying income tax.

Over the last decade the number of civil servants responsible for inland Revenue climbed

from 56,451 to 73,470. In the same period Customs and Excise staff increased from 15,942 to 27,142, largely because of the introduction of VAT.

The Department of Health and Social Security also recorded an increase of 5,767 in the number of jobs last year as a result of the build up of child benefits and preparation for the reconstructed national insurance scheme.

Staff employed by the Home Office grew by more than 2,000 because of the transfer of personnel from the Ministry of Posts and Telecommunications and the growth in the prison service because of a rising prison population.

The statistics also show that although 42 per cent. of the non-industrial Civil Service is women, less than 5 per cent. reach assistant secretary level. The Department attributes this to the number of younger women resigning or interrupting their careers for family reasons. Civil Service Statistics 1975, SO 41.75p.

### Conversion plan for builders

Financial Times Reporter

THE CONVERSION of old buildings to suit new commercial and industrial uses could provide a solution to the slump in new building.

Mr. David Crawford, planning adviser, of the London Chamber of Commerce, in a paper in the Chamber's journal, says the decline which has occurred in providing new industrial and warehouse accommodation could seriously hold back any economic upturn.

Mr. Crawford says that the drop in building output could result in a shortage of anything between 10m. square feet and 20m. square feet of new industrial floorspace coming on to the market. This could result, in turn, in severe shortage of accommodation in many parts of the country just as industry is ready to expand again.

### AA card renewal

A NEW link-up between the Automobile Association and the Post Office will give instant AA membership renewal for members who pay by cash, postal order or cheque. Members can pay over the counter via National Giro and have their renewal certificates validated on the spot.

All of these Securities have been sold. This announcement appears as a matter of record only.

**\$60,000,000**

**Carter Hawley Hale Stores, Inc.**

**9.45% Debentures Due 2000**

Interest payable June 15 and December 15

**MORGAN STANLEY & CO.**

**BLYTHE EASTMAN DILLON & CO. THE FIRST BOSTON CORPORATION GOLDMAN, SACHS & CO. MERRILL LYNCH, PIERCE, FENNER & SMITH SALOMON BROTHERS DILLON, READ & CO. INC. DONALDSON, LUFKIN & JENNETTE DREXEL BURNHAM & CO. HALSEY, STUART & CO. INC. HORNBLOWER & WEEKS-HEMPHILL, NOYES E. F. HUTTON & COMPANY INC. KIDDER, PEABODY & CO. KUHN, LOEB & CO. LAZARD FRERES & CO. LOEB, RHOADES & CO. PAINE, WEBBER, JACKSON & CURTIS SMITH, BARNEY & CO. WERTHEIM & CO., INC. WHITE, WELD & CO. DEAN WITTER & CO.**

NEW ISSUE

All of these securities have been sold. This announcement appears as a matter of record only.

December 30, 1975

**\$50,000,000**

**Avco Financial Services, Inc.**

**9 3/4% Senior Notes due December 15, 1983**

**Kidder, Peabody & Co.**

**Salomon Brothers**

**Blyth Eastman Dillon & Co. The First Boston Corporation Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Drexel Burnham & Co. Goldman, Sachs & Co. Halsey, Stuart & Co. Inc. Hornblower & Weeks-Hemphill, Noyes E. F. Hutton & Company Inc. Kuhn, Loeb & Co. Lazard Freres & Co. Lehman Brothers Loeb, Rhoades & Co. Merrill Lynch, Pierce, Fenner & Smith Paine, Webber, Jackson & Curtis Reynolds Securities Inc. Smith, Barney & Co. Wertheim & Co., Inc. White, Weld & Co. Dean Witter & Co. Bear, Stearns & Co. L. F. Rothschild & Co. Shearson Hayden Stone Inc. ABD Securities Corporation Basle Securities Corporation Kleinwort, Benson UBS-DB Corporation A. R. Ames & Co., Inc. Greenshields & Co Inc. Ultrafin International Corporation Wood Gundy Incorporated**

### NOTICE OF REDEMPTION

To the Holders of

**ENTE NAZIONALE IDROCARBURI**

E. N. I.

(National Hydrocarbons Authority)

**6% Sinking Fund Debentures due February 1, 1981**

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on February 1, 1976 at the principal amount thereof \$250,000 principal amount of said Debentures bearing the following serial numbers:

#### DEBENTURES OF U.S. \$1,000 EACH

185	1251	2155	3106	5094	6049	6986	7802	8615	11004	12662	14689	15086	17778	22681	19487
234	1263	2230	3146	5107	6170	7090	7920	8734	11004	12662	14689	15086	17778	22681	19487
339	1267	2237	3154	5117	6180	7100	7930	8744	11004	12662	14689	15086	17778	22681	19487
444	1271	2241	3162	5127	6190	7110	7940	8758	11004	12662	14689	15086	17778	22681	19487
549	1275	2245	3170	5137	6200	7120	7950	8772	11004	12662	14689	15086	17778	22681	19487
654	1279	2249	3178	5147	6210	7130	7960	8786	11004	12662	14689	15086	17778	22681	19487
759	1283	2253	3186	5157	6220	7140	7970	8800	11004	12662	14689	15086	17778	22681	19487
864	1287	2257	3194	5167	6230	7150	7980	8814	11004	12662	14689	15086	17778	22681	19487
969	1291	2261	3202	5177	6240	7160	7990	8828	11004	12662	14689	15086	17778	22681	19487
1074	1295	2265	3210	5187	6250	7170	8000	8842	11004	12662	14689	15086	17778	22681	19487
1179	1299	2269	3218	5197	6260	7180	8010	8856	11004	12662	14689	15086	17778	22681	19487
1284	1303	2273	3226	5207	6270	7190	8020	8870	11004	12662	14689	15086	17778	22681	19487
1389	1307	2277	3234	5217	6280	7200	8030	8884	11004	12662	14689	15086	17778	22681	19487
1494	1311	2281	3242	5227	6290	7210	8040	8898	11004	12662	14689	15086	17778	22681	19487
1599	1315	2285	3250	5237	6300	7220	8050	8912	11004	12662	14689	15086	17778	22681	19487
1704	1319	2289	3258	5247	6310	7230	8060	8926	11004	12662	14689	15086	17778	22681	19487
1809	1323	2293	3266	5257	6320	7240	8070	8940	11004	12662	14689	15086	17778	22681	19487
1914	1327	2297	3274	5267	6330	7250	8080	8954	11004	12662	14689	15086	17778	22681	19487
2019	1331	2301	3282	5277	6340	7260	8090	8968	11004	12662	14689	15086	17778	22681	19487
2124	1335	2305	3290	5287	6350	7270	8100	8982	11004	12662	14689	15086	17778	22681	19487
2229	1339	2309	3298	5297	6360	7280	8110	8996	11004	12662	14689	15086	17778	22681	19487
2334	1343	2313	3306	5307	6370	7290	8120	9010	11004	12662	14689	15086	17778	22681	19487
2439	1347	2317	3314	5317	6380	7300	8130	9024	11004	12662	14689	15086	17778	22681	19487
2544	1351	2321	3322	5327	6390	7310	8140	9038	11004	12662	14689	15086	17778	22681	19487
2649	1355	2325	3330	5337	6400	7320	8150	9052	11004	12662	14689	15086	17778	22681	19487
2754	1359	2329	3338	5347	6410	7330	8160	9066	11004	12662	14689	15086	17778	22681	19487
2859	1363	2333	3346	5357	6420	7340	8170	9080	11004	12662	14689	15086	17778	22681	19487
2964	1367	2337	3354	5367	6430	7350	8180	9094	11004	12662	14689	15086	17778	22681	19487
3069	1371	2341	3362	5377	6440	7360	8190	9108	11004	12662	14689	15086	17778	22681	19487
3174	1375	2345	3370	5387	6450	7370	8200	9122	11004	12662	14689	15086	17778	22681	19487
3279	1379	2349	3378	5397	6460	7380	8210	9136	11004	12662	14689	15086	17778	22681	19487
3384	1383	2353	3386	5407	6470	7390	8220	9150	11004	12662	14689	15086	17778	22681	19487
3489	1387	2357	3394	5417	6480	7400	8230	9164	11004	12662	14689	15086	17778	22681	19487
3594	1391	2361	3402	5427	6490	7410	8240	9178	11004	12662	14689	15086	17778	22681	19487
3699	1395	2365	3410	5437	6500	7420	8250	9192	11004	12662	14689	15086	17778	22681	19487
3804	1399	2369	3418	5447	6510	7430	8260	9206	11004	12662	14689	15086	17778	22681	19487
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4119	1411	2381	3442	5477	6540	7460	8290	9248	11004	12662	14689	15086	17778	22681	19487
4224	1415	2385	3450	5487	6550	7470	8300	9262	11004	12662	14689	15086	17778	22681	19487
4329	1419	2389	3458	5497	6560	7480	8310	9276	11004	12662	14689	15086	17778	22681	19487
4434	1423	2393	3466	5507	6570	7490	8320	9290	11004	12662	14689	15086	17778	22681	19487
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## FARMING AND RAW MATERIALS

## New Soviet grain cut indicated

MOSCOW, Dec. 29.

FIGURES RELEASED by the government newspaper, *Izvestia*, on average Soviet grain output over the past five years mean that the 1973 total was less than 33m. tonnes, say Western observers.

*Izvestia* says the average over the five years was 180m. tonnes. This would bring the total for the period to 900m. tonnes. After deducting known output for 1973-74 of 787.6m. a crop of 32.4m. is left for this year.

Earlier this month, Western experts calculated the crop at 37m. tonnes against an official target of 215.7m. These calculations have not been confirmed by officials.

In Rotterdam, meanwhile, a director of a Soviet/Belgian ship-roking company said Rotterdam and Amsterdam ports were expected to transship about 50,000 tonnes of U.S. wheat to the Soviet Union in the next five months.

Mr. H. A. G. Blankenstein, of Transworld Marine Agency of Rotterdam said most of the wheat could be handled by the Europoort silo complex in Rotterdam.

The maximum which could be shipped via this route was estimated, at least by Mr. Blankenstein, at 100,000 tonnes. He did not state other routes, but ruled out the use of inland shipping routes, saying the Rhine-Meuse canal was not complete.

## Japanese soya and grain stock plan approved

TOKYO, Dec. 29.

THE JAPANESE Agriculture Ministry has announced that the Finance Ministry has approved its plan to help private industries to build a stockpile of 1,000 tonnes of soyabean and 10,000 tonnes of feedgrains during the 1976 fiscal year.

Appropriations totalling ¥2bn. 40 are made for this purpose in the national budget for the 1976 fiscal year, starting in April.

The money will subsidise the whole cost of interest payment and storage for the stockpile, which will be built jointly by the government and private industries.

The Ministry hopes to create a stockpile of 300,000 tonnes of soyabean and 300,000 tonnes of feedgrains, such as maize and rain sorghum, during the next five years.

The stockpile, coupled with privately-owned stocks, is expected to represent two months' consumption of these products.

## ICI fertilisers to cost up to 6% more

BY JOHN EDWARDS, COMMODITIES EDITOR

PRICE RISES for the ICI range of fertilisers have been approved by the Price Commission yesterday.

The increases, to be implemented in January, will mean that ICI straight nitrogen fertilisers will cost 6 per cent more and compound fertilisers 5.7 per cent extra on average.

A general round of fertiliser price increases is likely now. Fisons, the other dominant supplier of fertilisers in Britain, announced yesterday that a price increase of 5 per cent was being negotiated with the Price Commission; it is expected that the company will announce higher prices soon.

Mr. Jack Heath, chairman of Fisons' fertiliser division, recently warned that price increases would be necessary as he claimed, non-raw material costs had risen by 25 per cent since the last fertiliser price rises early in 1973.

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## Surprise rise in copper stocks

BY JOHN EDWARDS

A SMALL RISE in copper stocks, when a moderate decline had been predicted before the Christmas holiday, took the London Metal Exchange by surprise yesterday.

Cash wirebars lost 5s. to £580.25 a tonne, and in late afternoon the three months' quotation fell below £580 following a downturn in the New York market.

Copper cathode stocks, as expected, fell by over 5,000 tonnes. This is believed to have resulted from shipments to the U.S. But the fall was more than offset by a rise in wirebar stocks.

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ICI said that the application for higher fertiliser prices had been submitted to the Price Commission in November. It covered changes in raw materials and other costs up to the time of the claim and also took into account the recent deterioration in the value of sterling.

Although there have been cuts in the dollar price of phosphate rock and potash in world markets during the past year, these have been offset to a large extent by the decline in the value of the pound.

The last increases in the prices of fertilisers were in March, for straight nitrogen brands, and in January for compound fertilisers.

These followed a series of astronomical rises in 1974 when fertiliser prices rocketed as a result of raw material cost soaring. Phosphate rock went up by

about 500 per cent, ammonia 700 per cent, sulphur 225 per cent and potash 150 per cent.

The "modest" price increase on this occasion follows a standard still for nearly 13 months, in which other costs have risen sharply. This reflects the more competitive situation in the U.K. fertilizer market, as well as an easing of the pressure exerted by raw material costs.

Fertiliser companies claim that sales have been "buoyant" in 1973 and it is admitted that there are adequate supplies at present. Farmers, who have suffered severe financial problems during the past year, are not keen to buy at the moment. However, some optimism is returning to the industry as a result of the exceptionally mild autumn.

The kinder weather has helped the dairy sector to revive milk output considerably and encourage record plantings of winter wheat.

Reuter reported from Frankfurt, meanwhile, that Zaire and Zambia are expected to increase copper sales to West Germany this year. The country's copper output in 1973 would rise to a record 490,795 tonnes.

A "bullish" influence in the market in early trading was the report that Copper Range, the U.S. producer, was cutting production at its White Pine plant to only 20 per cent of total capacity and laying off 2,100 workers out of 2,300.

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## Draft pact on rubber agreed

By Our Own Correspondent

KUALA LUMPUR, Dec. 29.

AFTER SEVEN months of discussions, technical experts from the Association of Natural Rubber Producing Countries (ANRPC), have hammered out a draft agreement for the proposed international rubber price stabilisation scheme.

But the draft pact, reached at a recent meeting in Bangkok, will have to undergo further study and refinement by the ANRPC executive council, meeting in Kuala Lumpur in February, before it can be presented to a ministerial meeting of member countries for adoption, said Dr. Moeliono, ANRPC secretary general, here today.

It contains guidelines and definitions for a two-pronged approach to price stabilisation involving the creation of a "supply rationalisation fund" to be adopted by individual member countries, as well as financial control measures. Each member is expected to contribute about the same percentage to the stabilisation fund as its contribution to the ANRPC budget, and the money will go mainly to building of rubber stockpiles.

Scotland has about three-quarters of its agricultural land classified as rough ground, so marginal farming is of vital importance to Scottish agriculture. Three-quarters of the beef cow herd is kept on hill and upland areas, together with about 84 per cent of the Scottish ewe flock.

Thus 1,000 hill farms, and 6,000 upland farms breed most of the livestock which is fattened on the richer lowlands to produce for the Scottish market.

Their income is not as high as that of the lowland farms, but the hill and upland areas are currently paid wholly by the Department of Agriculture and Fisheries for Scotland. Beef cows earn £24.50 per head, but ewes £3.00 and ewe lambs £2.50.

Hill ewe flocks typically wean 70 lambs per 100 ewes, and retain 30 for replacements. This leaves only 40 lambs to be sold off the farm which, at present prices, makes a loss of £1.50 per head.

Relationships like this mean that Exchequer support has been

essential to the survival of hill and upland farming. The Government has agreed to contribute to the stabilisation fund as its contribution to the ANRPC budget, and the money will go mainly to building of rubber stockpiles.

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## No easy solution to hill farm problems

BY A CORRESPONDENT

THERE ARE no obvious solutions to the farm income problem in hill and upland areas. A lack of alternative job opportunities makes it essential to maintain the farming population to prevent total economic decline in these remote regions.

Tourism and forestry are alternative sources of income, but the subsidies must be carefully applied, since they may perpetuate a static situation, hindering the economic development of farming and becoming more income subsidies.

These are the depressing conclusions which one was forced to reach after attending the conference on Marginal Farming Areas-Agricultural and Regional Policy, held in Edinburgh recently by the Agricultural Economics Society.

Scotland has about three-quarters of its agricultural land classified as rough ground, so marginal farming is of vital importance to Scottish agriculture. Three-quarters of the beef cow herd is kept on hill and upland areas, together with about 84 per cent of the Scottish ewe flock.

Thus 1,000 hill farms, and 6,000 upland farms breed most of the livestock which is fattened on the richer lowlands to produce for the Scottish market.

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between 50-80 per cent of net farm income over the last few years. Even on the most profitable farms this support is between 25 to 35 per cent of income.

It would be wrong to interpret these figures as suggesting that the present subsidies schemes of Britain, the funds ensure that some use is made of the potential of upland regions, as well as supporting the social infrastructure of these areas.

Dr. Raymond Craps, director of the EEC Commission's Department of Agricultural Structures and Environment, expressed recognition of these points in his address on EEC policy relating to less favoured areas.

It was obvious from the discussions that farmers must remain the key to the development of these regions. Therefore, its support systems will remain vital to their sustenance. However, Dr. Craps' warning on the need to avoid perpetuating a static, inefficient, situation of these areas, the importance of headage subsidies to farmers' incomes in these areas, but they undoubtedly bolster up inefficiency and depress incentives for development.

Unfortunately, the only possible way at present to reduce the importance of these subsidies is to increase massively the value of lambs and calves produced on these farms.

A symposium on the world red meat situation held just before the conference began, concluded that another tight world supply situation in 1977 was possible, while British beef output, almost certainly by some 25 per cent, down from the 1973 output of 1.2m. tons. Much of this market prices, therefore, may be in the pipeline.

But the worrying thing about the supply of Scottish meat is how much of the 25 per cent contraction will take place in the result of the inevitable heavy reliance of new industries on imported components and services, damped down the multiplier effect of new job creation

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in remote areas. Forestry and other land use, if properly developed, can provide a proportionate expense to agriculture, so considerably reducing their net potential.

The provision of tourist accommodation tended to clash with the use of the land for forestry, but about 20 per cent of the land used by sheep. And once that 20 per cent had been allocated to timber, the 80 per cent remaining could not then be used at all for livestock.

Dr. Bryden felt that general solutions were obvious; one had to rely on an individual case study approach to solving development problems.

It was obvious from the discussions that farmers must remain the key to the development of these regions. Therefore, its support systems will remain vital to their sustenance. However, Dr. Craps' warning on the need to avoid perpetuating a static, inefficient, situation of these areas, the importance of headage subsidies to farmers' incomes in these areas, but they undoubtedly bolster up inefficiency and depress incentives for development.

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The Financial Times Tuesday December 30 1975

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# "TIMING=PROFIT"

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# FINANCIAL TIMES

Tuesday December 30 1975

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## MPLA seeks support in Caribbean area

BY OUR KINGSTON CORRESPONDENT

A THREE-MEMBER delegation representing the Luanda-based Movement for the Liberation of Angola (MPLA) is visiting Caribbean and Central American countries in an attempt to obtain more diplomatic and material support in its fight against the forces of the FNLA and Unita.

The delegation, headed by Major Henrique Carvalho Dos Santos, a member of the MPLA central committee, went to Jamaica over the week-end from Havana where it attended the first congress of the Cuban Communist Party.

The group later left for Guyana, after which it will go to Venezuela and Panama.

While in Jamaica, the MPLA delegation met with Mr. Michael Manley, the Prime Minister, and requested technical development and public administration for areas controlled by the MPLA. Jamaica Government sources have indicated that the Prime Minister is studying the requests.

Major Carvalho also expressed the hope that Jamaica and other countries in the region would recognise the MPLA administration as the government of Angola.

U.S. diplomatic sources in Kingston last night discounted reports circulating here that the MPLA delegation had met with U.S. Secretary of State Henry Kissinger, who came to Jamaica on Boxing Day on a 10-day holiday.

During his visit to Jamaica, Mr. Carvalho rejected a call by Unita for a ceasefire in Angola, claiming that the group led by Jonas Savimbi now wanted to stop fighting because Unita was losing the war. He added that Unita had recently pledged to fight the MPLA to the death.

Bridget Bloom writes:

WITH BOTH sides in the Angolan civil war struggling to improve their external diplomatic position in advance of next week's special Organisation of African Unity (OAU) summit, sources within the allied anti-FNLA forces of Holden Roberto's FNLA and Jonas Savimbi's Unita.

A Unita broadcast from Lobito, monitored at the week-end by the Russian-backed MPLA, reported that the FNLA has been expelled from the southern towns of Benguela and Lobito and that only about 100 FNLA troops remain in Huambo, the joint FNLA-Unita capital.

The radio broadcast apparently reported fighting between the two movements and declared: "We guarantee the Angolan people that FNLA will be expelled from central and southern Angola within the next few weeks."

While reports of differences and even isolated fighting between units of the two movements are not new, the tone of the Lobito broadcast suggests that the Unita/FNLA government could now be seriously divided.

However, the broadcast did not mention a meeting which Unita sources in Lusaka say is to be held in Huambo later this week to review the military and political strategy of the two movements.

It thus seems too early to predict the end of the alliance.

Meanwhile, on the diplomatic front, efforts are being made by both sides to increase their support before the OAU summit. According to MPLA sources, some 15 African countries, including most recently, Ghana and Burundi, are now believed to recognise the Left-wing Government in Luanda which, according to its Prime Minister, Lopo do Nascimento, has been promised more than \$100m in different forms of aid from Nigeria, with \$20m in cash already dispensed.

However, while there remains a distinct possibility that more recognitions will be added before the OAU summit on January 10, the ultimate line-up may well depend on external factors, it seems extremely unlikely that South African troops—whose presence in Angola on the Unita/FNLA side has undoubtedly provoked a number of the recent MPLA recognitions—will have withdrawn by then.

## Japanese growth may be less than target

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 29

MOST OF JAPAN'S independent forecasting agencies appear to believe that the country's economic growth next year will be less than the 5.6 per cent target and forecast announced by the Government last week.

The agencies' estimates for the fiscal year—from April 1976 to March 1977—range from a low of 3.9 per cent by Mitsubishi Research Centre to a high of 7.9 per cent by the National Economic Research Association. Five out of six recently published forecasts from the most respected agencies, however, fall below the Government level.

Apart from Mitsubishi, the others are: Yamachi Securities 4.5 per cent, Japan Economic Research Centre 4.6 per cent, Keidanren (the Japanese equivalent of the Confederation of British Industry) 5.1 per cent and Bank of Tokyo (Japan's leading foreign exchange bank) 4.9 per cent.

Most forecasters agree that inventory adjustment is nearing its end and that Government spending and exports will be buoyant sources of demand for the Japanese economy next year.

But consumer spending is generally expected to pick up slowly and capital investment by industry more slowly still.

A fall in the November industrial production index by 1.1 per cent from the previous month and the prospect of a further fall this month have reinforced the pessimists, who say that Japan's economy is still not making a genuine or sustained recovery.

Rumours of a further cut in Bank Rate early in the New Year, together with a more flexible handling of the Bank of Japan's

"window guidance" controls on bank loans to industry, suggest that the authorities also feel that the economy needs further stimulus.

### Ceilings raised

The Bank of Japan, which has been setting quarterly ceilings for bank lending to industry for the past three years, has raised ceilings for the first quarter of next year by 26 per cent, above this quarter for "city banks," the 13 major Japanese banks with nationwide branch networks.

The Central Bank is also said to have told the city banks that additional loans will be permitted "if necessary"—a remark taken to imply that the ceilings will become largely theoretical.

For this fiscal year, which has three months to run, the Government forecast is that the economy will show a real growth of 2.7 per cent.

This estimate has been arrived at after some adjustment of the 4.9 GNP figures, without which the growth rate might have looked smaller. But the estimate is still sharply down from the 4.3 per cent growth originally set by the Government at the end of last year.

Private forecasting agencies, which generally agreed a year ago that the Government was under-estimating the economy's likely growth, are now tending to opt for a lower growth figure for this year, as well as next year. A selection of forecasts includes Mitsubishi Research 0.7 per cent, Sanwa Bank 0.4 per cent and Nomura Research Institute 2.3 per cent.

## German car industry sales recovering

BY OUR INDUSTRIAL STAFF

STRONG SIGNS of a continuing recovery in the German car industry were evident in statements yesterday from the country's two leading volume manufacturers, Volkswagen and Opel—which have both substantially increased domestic sales in 1975.

However, Volkswagen has made it clear that it expects to suffer another heavy loss, although below the record £140m deficit of 1974.

The German car industry's difficulties are the latest illustration of the general malaise in the European industry, indicated by the £123m loss at British Leyland, which is expected to be followed by losses at Renault, a State-owned motor concern.

In Japan, Toyota—producer of Mazda cars—also declared losses of Yen 1.2bn. (about £2m.) yesterday.

### Over-capacity

The problem common to all these companies is world over-capacity for European-type small and medium-size cars. Every car company over the last year has found itself struggling to downsize to a more appropriate size for the present depressed market.

In addition, Volkswagen has been troubled by a severe fall in its two leading volume markets, which is expected to be followed by losses at Renault, a State-owned motor concern.

Continued from Page 1

## Talks on Chrysler

the unions and the Chrysler management.

Shop stewards and management of Chrysler U.K. will be invited. Representatives of British Leyland, Vauxhall, and Ford will also be invited to air their views on how the Government's rescue of Chrysler U.K. will affect their sales and production.

The terms of reference of the inquiry are to examine public expenditure on Chrysler U.K., to the Commons by the Government, and to see how the Government's policy towards the company could be carried out more economically.

The sub-committee, which consists of four Labour MPs, three Conservatives and one Scottish Nationalist, will spend about two-thirds of its time examining witnesses and touring car plants and one-third in drawing up the report.

The sessions are expected to be lively and to throw up some awkward questions for the Government.

Earlier this year the sub-committee produced a highly critical report on the British motor vehicle industry.

At the time of the Chrysler row in the Commons, Mr. P. Duffy, the Labour MP who is chairman of the sub-committee, warned that it would be looking at the deal to see if it represented value for money.

THE LEX COLUMN

## Lessons from the Jessel crash

Index rose 4.7 to 368.1

The liquidation of Jessel Securities became inevitable after creditors opposed the reconstruction scheme in the High Court on December 1. Shareholders are now given a post mortem, which will not give them any comfort at all, but which has wider implications for the City.

One obvious point is that the secured creditors, including banks which were owed more than £10m—Hambros had organised a £4m syndicated loan—have come out virtually unscathed: by contrast the Jessel affair amounts to another nail in the coffin of the unsecured loan stock. Unsecured creditors are to get an estimated distribution of just 30p in the pound, spread "over a period of years" which suggests that the present value of the outstanding £10m nominal of loan stock is not much more than £20 per cent.

In a revealing interview in the Investors Chronicle recently Mr. Oliver Jessel concluded that unsecured loan stock issues should be prohibited since "directors, in good faith, can charge the assets."

Although the loan stock's trust deed provided that the stock would be immediately repayable in such an event as the appointment of a provisional liquidator to London Indemnity and General Insurance, this in practice was no protection whatsoever. The Board and its advisers satisfied the trustees of the loan stock that a liquidation of Jessel "would prejudice the ability to sell assets and the price obtainable for them."

Therefore a programme of asset disposals was begun, allowing nearly all the secured bank borrowings to be paid off, while protracted negotiations were entered into for a reconstruction. This finally failed to emerge because there was no real advantage to anyone in creating a new holding company over the top of Jessel, which had already been reduced to little more than a bundle of the less easily realisable assets.

The principal cause of Jessel's collapse was the crisis at LIGI. £25.8m. last year as part of a deliberate policy of improving the stability of earnings and increasing the overseas content.

Had this extra equipment been sold outright or leased, the balance-sheet would have looked better, but in reality the increase in the rental base is effectively unmatchable. Losses of the insurance subsidiaries directed at future years' profits, is being reduced by as much as £21.5m. compared with £150m. a week.

with published net worth at June 1973 £29.5m. And LIGI remains an unsecured creditor for £6.5m.

Elsewhere, losses on investments amounted to over £18m, of which a substantial part related to the associated companies, like Johnson and Firth Brown and Maple Macowards. In the same interview Mr. Jessel said that "associate accounting is strictly for the birds" and so it is when the associates lean on one another like a house of cards.

Good profit figures combined with the suggestion of a more liberal dividend policy have transformed International Computers' stock market status: the shares have now edged above par to 107p, which is double October's level. In this context, the accounts are unimpressive.

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Good profit figures combined with the suggestion of a more liberal dividend policy have transformed International Computers' stock market status: the shares have now edged above par to 107p, which is double October's level. In this context, the accounts are unimpressive.

So Government support can be phased out smoothly, and there is every reason to think that the forecast profit improvement will materialise. But it might still be rash to count on the maximum gross dividend of 11p, which would have been covered just over three times by last year's earnings, and for the moment the shares look high enough.

Bullishness in the gilt-edge market has comforted straddled the Christmas holidays and the Government Broker was again an active supplier of stock yesterday, probably to the tune of over £100m—mostly of the short Treasury 10 per cent 1979 "A." There may not be more than about £150m. of the short left, and it could well become exhausted this week. But the long Treasury 13 per cent 1997 "A" has not sold to anything like the same extent and it will take a good deal longer for the market to work through all £750m. nominal.

### Gilt

The authorities appear to be willing to let the market edge forward slowly, but the extreme bulls should not lose sight of the Government's continuing need to sell gilts on a very large scale. This is no longer, as in October and November, a question of financing the deficit without putting pressure on the money supply, but rather of improving the balance-sheet would have looked better, but in reality the increase in the rental base is effectively unmatchable. Losses of the insurance subsidiaries directed at future years' profits, is being reduced by as much as £21.5m. compared with £150m. a week.

ICL used to disclose the rental £150m. a week.

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## IBM expands phone business

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

INTERNATIONAL BUSINESS Machines has taken over a third of this year's U.K. orders for large private telephone exchanges (PABXs), according to estimates circulating in the telecommunications industry.

This would imply that the computer multinational has approximately doubled its market share within a year in terms of the value of orders for new installations. In 1974, it is thought to have booked up to 17 per cent of the total; there are no official statistics and market share estimates vary.

The market for "large" PABXs covers lines with over 100 lines which are sold direct by the manufacturers; smaller ones are rented by the Post Office.

IBM entered the "large" sector four years ago with the U.K.'s first computer-controlled PABX, the 375. The machine formed part of a concerted attempt to break into the market for large private exchanges in most European countries. IBM has not yet attacked the prime U.S. market. The gradual inroads into the world's dominant computer manufacturer has caused considerable apprehension in the telecommunications industry. In Europe, the domestic suppliers fear IBM may eventually gain access to the market for public (Post Office-type) exchanges, which is more lucrative and much larger than the private market.

In the U.S., the main focus of attention has been on IBM's attempt to enter domestic satellite communications. The corporation confirmed just before Christmas that its proposed joint venture would use much higher frequencies than conventional satellites.

With its partners, Comsat General and Aetna Life and Casualty, IBM has applied for Federal Communications Commission approval to offer customers an all-digital U.S. service combining voice, data and image communications into a single, integrated, private-line, switched network.

A partnership, Satellite Business Systems, has now been formed, replacing the old CML Satellite Corporation, in which IBM originally proposed to take a 55 per cent stake; under FCC pressure, it agreed that the partnership should hold less than 10 and more than 49 per cent of the venture. In other words, the there should be at least three partners.

Private lines to sales success Page 10

## Bankers see deflation danger in incomes policy

BY ANTHONY HARRIS

AN INCOMES policy which effectively brings down the rate of inflation will stimulate the economy, even if real incomes are apparently falling, according to an analysis published yesterday by Morgan Grenfell, the merchant bankers: but, at the same time, the public sector deficit will become much more difficult to finance in the markets, the bankers warn.

The Morgan Grenfell theory, which contradicts conventional national income analysis, is based on an assessment of the effects of inflation on private people and companies.

Personal savings have risen sharply, contrary to most expectations, as inflation has accelerated. The bankers, who earlier this year put forward the theory that this rise in savings was a response to the falling value of existing savings, argue that reduced inflation will lead to a return to much lower saving and to higher consumer demand.

Companies, they argue, have been inhibited by high nominal interest rates, even where these have been substantially lower than the going rate of inflation.

The high money cost of servicing debt and the risk of heavy real costs of long borrowing should the rate of inflation fall, have driven them to cut

## Egg prices slashed to ease glut

By John Edwards, Commodities Editor

EGG PRICES have been cut sharply this week to try to prevent the usual post-Christmas surplus from building up too much. Retail prices of standard eggs should be about 8p down at 32p a dozen, and large eggs 7p cheaper at 35p-36p a dozen.

The price cuts have come earlier than usual in a move led by the marketing consortium, Goldenfield, to stimulate demand while the surplus is still building up rather than after it occurs.

Other producers have been forced to follow, although some believe that there is no need for such severe price cuts.

But the longer holidays this year, with many shops closed for five days or more, have caused great problems, since there is no short-term way to adjust production—the hens keep laying.

The Eggs Authority is planning a £100,000 glut advertising campaign to start next week, and has obtained Ministry of Agriculture approval for a hen culling scheme, under which a subsidy is paid to producers who cut their flocks.

## Smith Bros. to deal in property

By Margaret Reid

A BELIEF that the property market is so "bombed out" that a revival of activity must lie ahead has prompted a decision by Smith Bros. one of the City's largest stockbroking concerns, to begin dealings in Property shares.

When Smith Bros. adds Property to its list in February, it will become the third jobber to deal in this market where Akroyd & Smithers and Plachin Denny now operate. It has the necessary dealers and takes the view that, after the slump in Property share values over the past two years, interest in the market is bound to recover, even if it takes some months.

Smith Bros., whose chairman, Mr. Henry Marks, describes it as "expansion minded," has increased its dealing list more than once in the past year or so. At the end of 1974, it began to trade in certain Textile shares after another large jobber, Berger and Gosschalk, ceased trading and insurance shares have been added during 1975.

One of the two London stock-jobbing concerns whose own shares are quoted on the Stock Exchange, Smith Bros. trades in a wide range of Industrials, Banks, Oils, Gold and Tin Mines and Australian shares.

management, and a move by him now would coincide with a change of chairmanship. Sir Henry Johnson will hand over to Sir Gerald Thorley sometime in March.

Total capital employed within the MEPC group is shown at £712m. in the annual report. Its major problems, apart from the general fall in property values, have been the expansion of U.K. housebuilding, which showed a trading loss of £7.3m, and a write-off of £5.4m, and its overseas development programme.

There appears to be no obvious long-term successor to Mr. Anker within the company

## No MEPC decision on Mr. Anker

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

MEPC, the property company which ten days ago revealed a £3.65m. loss and a £38m. drop in the value of its investment properties, said yesterday that "no definite decision" had yet been taken about the future role of Mr. Peter Anker, its managing director.

There have recently been several policy disagreements among the 14-man Board, non-executive directors of which include Sir Gerald Thorley, Mr. Angus Ogilvy and Mr. Jacob Rothschild.

## Weather

U.K. TO-DAY

CLOUDY with rain or drizzle. Dry at first in E. and S. Mild. London, S.E. Cent. S. E. and Cent. N. E. England, E. Anglia, Midlands, Channel Is.

Cloudy, with a little rain. Wind S.W. moderate. Mild. Max. 9C (48F).

S.W. Wales, Lake L. of Man. Cloudy rain or drizzle, but fog. Wind S.W. fresh or strong. Mild. Max. 9C (48F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Moray Firth, S.W. N.E. N.W. Scotland, Cent. Highlands, Argyll, Orkney, Shetland, N. Ireland.

Cloudy, with rain and hill fog. Wind S.W., gales severe in exposed places, strong to gale elsewhere. Mild. Max. 7C (45F).

Outlook: Rain, falling as snow in N. Cold except in S.

### BUSINESS CENTRES

City	Temp	City	Temp
Amsterdam	12	London	12
Antwerp	12	Madrid	12
Birmingham	12	Moscow	12
Bombay	12	New York	12
Buenos Aires	12	Paris	12
Calcutta	12	Rome	12
Canton	12	Stockholm	12
Cebu	12	Switzerland	12
Colon	12	Tokyo	12
Hankow	12	Vienna	12
Hong Kong	12	Zurich	12

### HOLIDAY RESORTS

City	Temp	City	Temp
Algeria	12	Jersey	12
Algiers	12	Las Palmas	12
Barcelona	12	Lucerne	12
Batavia	12	Malaga	12
Bombay	12	Malta	12
Buenos Aires	12	Manila	12
Canton	12	Nairobi	12
Cebu	12	Nassau	12
Colon	12	Nice	12
Hankow	12	Porto	12
Hong Kong	12	Rosario	12
London	12	Salt Lake	12
Los Angeles	12	Shanghai	12
Lyons	12	Singapore	12
Madrid	12	Taipei	12
Manila	12	Tientsin	12
Moscow	12	Yokohama	12

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Telephone: 01-626 1086

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